

UN Grapples With Charges It Helped U.S. Spy on Iraq

Unscm Is Accused Of Helping Eavesdrop

By Barton Gellman
Washington Post Service

WASHINGTON — Kofi Annan, the secretary-general of the United Nations, has obtained what he regards as convincing evidence that UN arms inspectors helped collect eavesdropping intelligence used in U.S. efforts to undermine the Iraqi government, according to confidants who said he is deeply alarmed by the implications of the relationship for the world body.

The accounts made available to Mr. Annan, some of which draw on classified U.S. information passed to him through intermediaries, describe an operation in which the UN Special Commission, known as Unscm, took steps to assist the United States in listening to some of the most sensitive communications of the Baghdad government.

While acknowledging that the eavesdropping aimed in part to help the inspectors hunt down forbidden weapons, or the means to conceal them, the secretary-general's confidants said Mr. Annan was convinced that Washington used the operation to penetrate the security apparatus protecting President Saddam Hussein.

"The secretary-general has become aware of the fact that Unscm directly facilitated the creation of an intelligence collection system for the United States in violation of its mandate," said one Annan adviser, who spoke on condition of anonymity and echoed sentiments expressed by two others. "The United Nations cannot be party to an operation to overthrow one of its member states. In the most fundamental way, that is what's wrong with the Unscm operation."

The revelations about the arms inspectors coincide with discussions at the United Nations about the world body's future role in Iraq after air strikes last month by the United States and Britain. Mr. Annan, who lamented the attacks and has been a critic of the inspectors' more intrusive tactics, has been trying to broker a new consensus on Iraqi disarmament, mandated by the Security Council after the 1991 Gulf War.

All arms inspectors were withdrawn before the Dec. 16-19 attacks, and Mr. Annan is said to believe the special commission will have to take on new limits and new leadership if inspectors are to return. There were signs in Washington this week that the Clinton administration, the Security Council's most consistent supporter of the inspections, is softening its opposition to that view.

By widening the circle in which he makes known his concerns about the commission's past, Mr. Annan is trying, some advisers acknowledged, to place pressure on the executive chairman of the commission, Richard Butler, to resign in favor of a successor who might win the consent of Iraq and its defenders on the Security Council. Mr. Annan's expressions of concern could also be aimed at protecting him against any future charges that he condoned eavesdropping conducted at least nominally under his authority.

The secretary-general does not exercise direct oversight of Unscm, which is a subsidiary organ of the Security Council, Assistant Secretary General John Ruggie said in

No Proof Inspectors Assisted, Officials Say

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — UN officials said Wednesday that they had no evidence that the United States had used or was still using the organization's arms inspection system in Iraq to spy on or undermine President Saddam Hussein.

Reports that U.S. intelligence agencies had eavesdropped on the Iraqi leadership with equipment given to the UN Special Commission to aid in finding hidden Iraqi weapons of mass destruction appeared in The Washington Post and The Boston Globe.

The reports, repeating allegations long made by the Iraqi government, appeared as the Security Council remained stalled in its efforts to renew its inspection system for Iraq or devise a new one.

[Agence France-Presse, quoting a senior U.S. official in Washington, reported that the United States was able to collect some military information on Iraq as part of its contribution to the UN Special Commission on Iraqi disarmament, known as Unscm. The official, who asked not to be identified, said that there was "no artificial barrier" between the two information-gathering operations.]

[The State Department said the United States had worked to help the commission in its search for concealed weapons in Iraq and had not sought specifically to further the U.S. agenda. "American support was specifically tailored to facilitate Unscm, the UN inspectors' mission, and for no other purpose, and was done at the direct request of the UN Special Commission," said the State Department spokesman, James Rubin.]

The UN inspectors were withdrawn hours ahead of U.S. and British air strikes on Iraq in December. Baghdad has said that they will not be allowed to return unless the commission is restructured and its executive chairman, Richard Butler, is replaced.

"We not only have no convincing evidence of these allegations; we have no evidence of any kind," the spokesman for Secretary-General Kofi Annan, Fred Eckhard, said Wednesday of the reports. "We have only rumors."

Mr. Eckhard also said Mr. Annan was not pressuring Mr. Butler to resign so someone more acceptable to Iraq could be named to replace him. "This is not so," he said. "In any case, the issue is not the executive chairman; it is how to get on with disarming Iraq of its weapons of mass destruction."

Mr. Annan was reported to be angered by assertions from unidentified "confidants" quoted in The Washington Post that he was suspicious of Mr. Butler and the commission.

"The secretary-general therefore rejects the characterization of his state of mind attributed to the so-called confidants," Mr. Eckhard said.

Mr. Butler told reporters early Wednesday that the commission had asked for more sophisticated help from UN member nations after 1995, when new information revealed the extent to which Iraq had been lying to the inspectors about its nuclear, biological and chemical weapons programs as well as missile projects.



A KINDER, GENTLER SPEAKER — Dennis Hastert of Illinois, who is known for his human touch, receiving applause after being nominated to replace Newt Gingrich as House speaker. Page 3.

Senate Set To Consider Proceedings On Clinton

Lott Says Agreement On Outline for Trial Won't Please Either Side

By Brian Knowlton
International Herald Tribune

WASHINGTON — The Senate majority leader, Trent Lott, promised Wednesday that agreement on the outlines of an impeachment trial would be concluded Thursday, but he said the solution would not entirely please either President Bill Clinton or the House Republicans who impeached him.

As the 106th Congress convened under a cloud of uncertainty, the Mississippi Republican told senators that the trial procedure would be one "that neither the House nor the White House will just necessarily think is wonderful but will give all parties a fair chance to make the case and get to a conclusion that's an equitable one."

Democrats both in the Senate and the White House expressed consternation that the historic process remained so murky on the eve of its formal opening, making it difficult to prepare a defense against the charges that Mr. Clinton perjured himself and obstructed justice to conceal his relationship with Monica Lewinsky. The Democratic leadership promised "universal, unanimous" opposition to calling witnesses.

All that is certain is that at midday Thursday, the chief justice of the Supreme Court, William Rehnquist, is to be sworn in to preside over the impeachment trial, only the second of a U.S. president. He, in turn, is to swear in the 100 senators, who will sit as jurors during the proceeding.

Senate Democrats have urgently called for an expedited trial, to be done with the matter in as little as four days. Speaking Wednesday on the Senate floor, the minority leader, Thomas Daschle of South Dakota, said: "We must find a way to resolve this and move forward. We must find a way to end this lingering national torment."

Mr. Lott had been working strenuously to craft a compromise approach for a truncated proceeding, but has encountered stern opposition from some House Republicans, who will argue the case against Mr. Clinton on the Senate floor, and from some Senate Republicans, who want a full trial.

"We will get that done hopefully in a relatively short period of time without limiting it to a day or three days or three weeks, for that matter," Mr. Lott said. "It could very well take longer than that."

Mr. Lott appeared to be battling a rising tide of anger and partisanship in the Senate. Sharp disagreement remained Wednesday on whether witnesses would be called, a question that could go far toward determining the length of a trial.

"We're not prepared to accept any

U.S. Stocks Surge to Record Highs

The Dollar			
	Wednesday 9 A.M.	previous close	
New York	1.1617	1.1778	
London	1.655	1.655	
Paris	112.9	111.306	
DM	1.8659	1.8585	
FF	5.6451	5.5708	

The Dow			
	Wednesday close	percent change	
Dow Jones	9,544.97	+2.51%	
S&P 500	1,272.35	+2.21%	
Nasdaq	2,320.65	+3.08%	

Stocks rallied to record levels in New York on Wednesday, with the Dow Jones industrial average topping 9,500 points for the first time as Americans poured retirement-plan money into the stock market and foreigners flocked to dollar-denominated securities.

A successful launch of Europe's new currency, the euro, and its apparent settling into a stable range against the dollar apparently encouraged foreign investors.

For Americans, the start of a new tax year in January meant that many people resumed putting money into retirement plans. The most popular plans have limits on contributions that are usually reached well before the end of the year, leaving pent-up demand in January.

William Rhodes, a strategist with Merrill Lynch & Co. in Boston, said the strong U.S. economy was encouraging the latest rush of investments. But he warned that American consumers appeared to be using the stock market as a savings vehicle and that stock valuations were extremely high.

This could mean trouble for the economy if the stock rally faltered, he said.

"It's not a good situation when the economy might be dependent on the continued expansion of the equity market," Mr. Rhodes said. Page 9.

General Enlists in Israeli Politics

By Lee Hockstader
Washington Post Service

JERUSALEM — He sweated from the upper lip, appeared slightly ill at ease in multi before the cameras and acknowledged that politics was hardly his game.

But when he announced his candidacy for prime minister of Israel on Wednesday, Arnon Lipkin-Shahak had one riveting advantage: The polls showed him far ahead of the incumbent, Benjamin Netanyahu.

Mr. Lipkin-Shahak, Israel's military chief of staff until last summer, presented himself as a centrist alternative to established political parties that he said were mired in old thinking and discord and vowed to heal the country's formidable social rifts.

"I came today to be drafted again," said the former four-star general, "this time as a citizen for a similar

mission — to defend the state of Israel during one of the more difficult times it has known, not from the outside but from the inside."

He made a cautious overture to the religiously devout and called Mr. Netanyahu a hate-monger who was "dangerous for Israel."

"He is enlarging the division in society," said Mr. Lipkin-Shahak, 54, who retired two weeks ago after a 36-year career in the army. "He understands the danger, but he is using it for his own purposes. Netanyahu is dangerous for Israel. Netanyahu has to go."

Mr. Netanyahu, 49, who began criticizing Mr. Lipkin-Shahak last summer while he was still under his command as chief of staff, issued a statement Wednesday that called the former general's remarks "in-

AGENDA

Rebels Rampage Through Freetown

Rampaging rebel fighters shot their way into the heart of Freetown, Sierra Leone, on Wednesday, capturing a main government office building and burning down the capital city's police station while terrified residents huddled indoors, witnesses said.

Witnesses said the rebels had captured the State House — the symbolic seat of government — and burned down the Nigerian Embassy as well as police headquarters. Nigeria was said to be sending reinforcements and supplies to help an intervention force fight the rebels. Page 5.

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CURRENCY — Prime Minister Keizo Obuchi of Japan arriving in France to rally support for the yen's world role. Page 9.

Prince and Working Girl

Youngest Son of Queen Elizabeth Is to Marry

By Warren Hoge
New York Times Service

LONDON — Queen Elizabeth's youngest child, Prince Edward, is finally to follow his royal siblings' path to the altar.

Putting an end to periodic rises and falls of expectation, Buckingham Palace announced Wednesday that the 34-year-old brother of Princess Charles and Andrew and Princess Anne, all of whose marriages ended in divorce, would wed his longtime girlfriend, Sophie Rhys-Jones, 33, later this year.

No decision has been taken yet regarding the venue and date for the wedding, the announcement of the engagement said. "However, Prince Edward and Miss Rhys-Jones hope that it might be possible to use St. George's Chapel, Windsor, in the late spring or winter," The Palace said that the queen and Prince Philip, Prince Edward's father, were "delighted" at the news.

Windsor, in suburban Berkshire, is the queen's favorite residence and would provide a symbolically fitting

spot for a restorative moment in the life of a family recently unaccustomed to happy events.

It was a devastating fire at the 14th century castle in November 1992, that capped what the queen called her "annus horribilis," the year in which all three of her children's marriages came to an end and exposed the palace to levels of intrusive publicity it had never known.

It also, however, provided the story for a successful television documentary made by the prince, who, as the film producer Edward Windsor, has led a life independent of royal duties as the head of his own company.

Under pressure in recent times to wed Miss Rhys-Jones, whom he began dating five years ago, Prince Edward has told friends that he would make that decision only when his company, Ardent Productions, was secure. An earlier venture failed, and Ardent lost £1.2 million (\$2 million) in 1997, but now can point to several well-received films and a contract with the William Morris



Prince Edward and Sophie Rhys-Jones kissing Wednesday in London.

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At the Buzzer, NBA and Players' Union Reach an Agreement

NEW YORK — The National Basketball Association and its players' union reached an agreement Wednesday to end a six-month lockout and start what is left of the season.

After a secret all-night bargaining session, David Stern, the NBA commissioner, and Billy Hunter, the chief of the players' union, struck a deal around 6 A.M. in New York — just 29 hours before the league's board of governors was set to vote on canceling the remainder of the season.

A season of about 50 games will begin during

the first week of February, according to a source close to the talks.

The six-year collective-bargaining agreement, with a league option for a seventh year, still must be put on paper and ratified before the lockout is officially lifted. Approval is needed from the owners and the players, and the process of selling the deal to those constituencies began almost immediately as the agreement was presented to the negotiating committees for both sides.

If the union committee approved the deal, it was to be presented to the players, who had been

gathering in New York on Wednesday afternoon for a vote on the previous NBA offer, a league spokesman said.

The league's board of governors is to meet Thursday to vote on the deal.

The union agreed to accept 55 percent of league revenues in the fourth, fifth and sixth years of the agreement, a source close to the talks said. The players would get 57 percent if the owners' option is exercised in the seventh year.

In the first three years, there is no limit on the percentage of revenues players can receive.

The owners had wanted to hold the players to 53 percent of total revenue, rising to 54 at the end of the agreement. The players had wanted 55 percent rising to 57 percent — the proportion they received last season.

Among the other aspects of the deal:
• The union agreed to a \$14 million maximum annual salary for players with 10 years' experience. Players with one to six years' experience can get a maximum of \$9 million, and players

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Newsstand Prices	
Bahrain	1,000 BD
Cyprus	€ 1.00
Denmark	17 Dkr
Finland	12.00 Fm
Gibraltar	£ 0.85
Great Britain	UK £1.00
Egypt	£ 5.50
Jordan	1,250 JD
Kenya	K Sh. 160
Kuwait	700 Fils

THE AMERICAS

New Speaker's Colleagues Say He'll Keep His Voice Low

By Katharine Q. Seelye
New York Times Service

WASHINGTON — In the more than two weeks that he has known he will be speaker, Representative Dennis Hastert has hardly had time to move into his new office.

The cubboards are bare, the desktop empty and glistening. But he has shipped in a few items, including a ceramic puppy on a quilted pillow, that give a softer, friendlier feel to an office that was dominated for the last four years by Newt Gingrich's Tyrannosaurus rex.

The new, more human-scale approach has given Mr. Hastert a head start in soothing the rancor that has afflicted the House and that intensified with the impeachment of President Bill Clinton. But several Republicans and analysts here say that Mr. Hastert, who was elected and sworn into office Wednesday, faces a rolling political landscape that will

take more than good will to tame. "This is a big job, and I'm not coming into this deluded," Mr. Hastert, a former high school teacher and wrestling coach, said Tuesday in a short news conference that sounded like a locker-room pep talk — short on specifics and long on can-do spirit.

The Illinois Republican emphasized that he would meet Democrats halfway and would use common sense when dealing with them. To get beyond the sour feelings left by impeachment, Mr. Hastert said, "We need to make the effort, and I'm going to make that effort."

The House "has discharged its job on impeachment," he insisted. "We're going to have to pull together."

He said his priorities were to overhaul Social Security, cut taxes, improve education and strengthen the military. Right there, he starts out at odds with Democrats in the House and the Clinton ad-

ministration, who want to devote all of the federal budget surplus to saving Social Security. Mr. Hastert believes that some of the surplus can be used to cut taxes and increase military spending.

He's a workhorse, not a show horse. He won't be making strident speeches.

But given the political turmoil on Capitol Hill, the policy differences with Democrats are almost the least of his problems.

He picks up the baton at a time when his own party has chewed up his two predecessors, Mr. Gingrich and Representative Bob Livingston, both of whom started with more experience, higher profiles and a broader base in the House.

Beyond that, he has only a slim, 11-vote majority, meaning that on almost any issue, a small group of conservatives or moderates can change the course of legislation.

Not only do the longstanding tensions between conservatives and moderates continue, but the impeachment proceedings last month have poisoned the partisan atmosphere even more. The stand-off between the parties is expected to worsen as the next presidential campaign comes into focus and as Democrats step up efforts to retake the House.

They will be led by Representative Dick Gephardt of Missouri, the minority leader, whose ambitions — he plans either to run for president or work to elect enough Democrats to the House so that he can take over as speaker — can only cloud the field for Mr. Hastert.

Some Republicans said they worried that Mr. Hastert, untested and unknown

in the national political arena, might be overwhelmed by the job of speaker, which ranks behind only the vice president and the president in the line of succession. But most appear eager, for now, to think he represents a change for the good — a "breath of fresh air," as Representative Sherwood Boehlert, a moderate from New York, said.

Representative J. D. Hayworth, a conservative Republican from Arizona, said that because of his low-key nature, Mr. Hastert would not be vulnerable to being "demonized" by Democrats. "He's demon-proof," he said.

Representative David Dreier, a conservative Republican from California, said that Mr. Hastert's job would be difficult but that he had the right personality for it.

"He's a workhorse, not a show horse," Mr. Dreier said. "He won't engage in hyperbole and he won't be making strident speeches."

Mastering the Art of Leaks
Budget Striptease Reveals a New Clinton
And Elicits Heckling From RepublicansBy John F. Harris
Washington Post Service

WASHINGTON — President Bill Clinton has offered another sneak preview of his proposed 2000 budget, trumpeting about \$215 million that his plan includes to help states impose tougher drug testing and treatment policies for prisoners and parolees.

This was the latest in a flurry of formal announcements and orchestrated leaks coming from the White House about its budget. The goal, said White House aides, is for these flurries to accumulate into a fresh blanket of domestic policy initiatives between now and Mr. Clinton's State of the Union address, planned for Jan. 19, and the official release of his budget on Feb. 1.

For the White House, the careful staging of the budget is an old trick aimed at a new problem: With the Senate on the brink of an impeachment trial, Mr. Clinton needs more than ever to demonstrate that he remains at work, trying to implement popular policies.

On Dec. 19, the same day the House passed impeachment articles against Mr. Clinton, a group of aides gathered in the Roosevelt Room with a calendar. The purpose, aides said Tuesday, was to map out a strategy for releasing newsworthy "huggers" in Mr. Clinton's budget plan.

A meeting a few days later in the office of the White House press secretary, Joseph Lockhart, was even more specific. Aides who work in the same

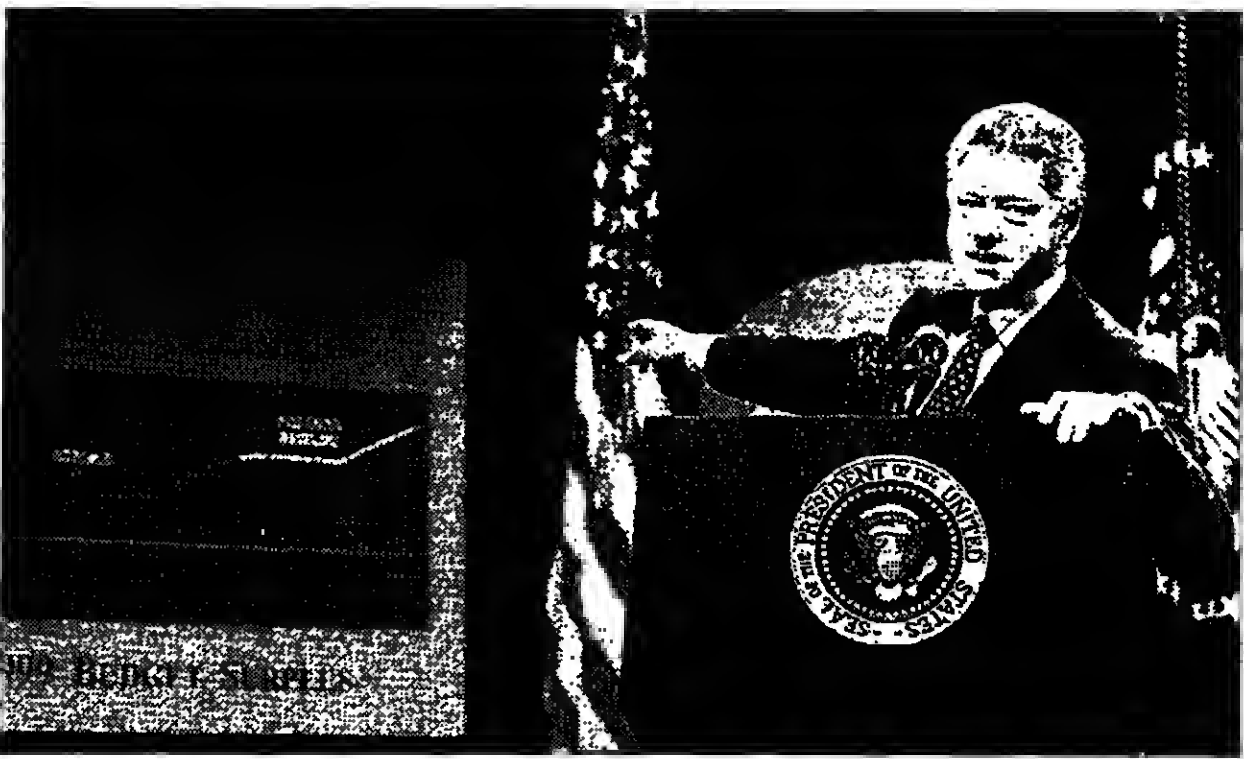
White House that has denounced "unauthorized leaks" decided which news organizations would get which budget-related leaks.

True to schedule, the leaks started appearing in news media over the New Year's break. The New York Times got advance billing of Mr. Clinton's defense spending plan. Officials laid out for The Washington Post proposals for regulating food safety. And several news organizations were briefed a day before Mr. Clinton announced on Monday a proposed tax credit to help families offset the cost of care for people with long-term disabilities.

Profiting from the release of the budget is one of the advantages of incumbency. And White House officials said it only makes sense to maximize that profit by releasing the details over time, rather than putting them all into public view in one news cycle.

But Republicans grouched that there was something fundamentally misleading about the White House's budget striptease. Mr. Clinton and his aides have happily divulged some of what they believe will be the most popular features of the budget, but they have refused to say how they plan to pay for new spending.

Under the balanced-budget agreement he reached with Congress, Mr. Clinton is obligated to identify the funding source for new programs. And Mr. Clinton himself has insisted that all money from the budget surplus be saved pending a long-term overhaul of Social



President Bill Clinton pointing to a budget surplus on Wednesday. The bigger budget picture is still under wraps.

Security. But the president has given no one in the public or on Capitol Hill the information to assess the trade-offs he and his budget team have made.

"It's a less-than-honest presentation," said Ad Fleisher, spokesman for the House Ways and Means Committee. "To date, the administration has leaked in a self-serving manner just the news they want made."

The news the administration does not want made, Mr. Fleisher suspects, is that

it intends to pay for its programs through devices that Mr. Clinton will describe as adjusting fees or closing loopholes but that Republicans will call by another label: tax hikes.

In last year's budget, Mr. Fleisher said, Mr. Clinton's budget identified nearly \$39 billion over five years through various revenue adjustments, but Republicans eventually agreed that only \$2 billion of that total represented legitimate loophole closures.

White House officials said all will be clear once the formal document is released. In the meantime, they have disparaged suggestions that Mr. Clinton's policy schedule is motivated by a desire to provide a contrast with the impeachment drama playing out on Capitol Hill.

Referring to a pending administration report on steel imports, Mr. Lockhart joked at a White House briefing. "Oh, it's just this afternoon's attempt to divert attention."

POLITICAL NOTES

'99 Budget Surplus Is Projected

WASHINGTON — The administration on Wednesday projected a budget surplus of more than \$76 billion for this year. "We can say the era of big deficits is over," President Bill Clinton said.

The president, convening a White House ceremony to tout the surplus, immediately squelched any speculation that the extra revenue would be used to cut taxes. "Like any family with long-term financial needs and a little more earnings than we expected, we can't go out and spend the surplus today. We have to plan for the future," Mr. Clinton said. "Before we consider any new spending or tax cuts, first we must set this surplus aside until we save Social Security for the 21st century."

He also cited "investment needs" in education and health research.

The administration's Office of Management and Budget released its latest forecast for fiscal 1999, bringing the projected size of the surplus — for the budget year ending Sept. 30 — closer to congressional estimates of about \$80 billion.

The administration's newest estimate is significantly higher than its analysis last year, which estimated a fiscal 1999 surplus of \$54.2 billion.

"We are now entering the second year of an era of surpluses," Mr. Clinton said. He noted that when he took office in 1993, the fiscal 1999 projections were for a \$404 billion deficit.

The Congressional Budget Office is due to release its own projections later this month, in advance of the president's annual budget submission to Congress. In its August np-

date, the congressional office was even more optimistic than the president's budget analysts, projecting an \$80 billion surplus for fiscal 1999. (AP)

Thurmond, 96, Cedes Command

WASHINGTON — Senator Strom Thurmond has turned over command of the Senate Armed Services Committee to Senator John Warner, but with the admonition that "unlike old generals, I do not intend to fade away."

Mr. Thurmond, who turned 96 last month, said Tuesday he plans to remain active on the committee. With that, he stood and changed seats with Mr. Warner, 71, who had been next-in-line while Mr. Thurmond was chairman.

Mr. Thurmond, Republican of South Carolina, announced last year that he was stepping aside after four years as chairman. He has served on the panel for 40 years.

Mr. Warner, Republican of Virginia, immediately began his tenure by convening a hearing on the state of the nation's military readiness. His witnesses were the nation's top military service chiefs. (AP)

Quote/Unquote

Boh Dole, the former Senate leader, after his wife, Elizabeth, resigned as director of the American Red Cross amid speculation that she would wage a presidential campaign. "It seems to me that it'd be a good way to start the new millennium, with a history-making election, where a woman — a qualified woman — was elected president of the United States." (Reuters)

CLINTON: Senate Set to Consider Trial

Continued from Page 1

witnesses." Mr. Daschle said, after a meeting with other Democratic senators. "I think it's fair to say that there is universal, unanimous opposition to witnesses."

Mr. Lott, however, appeared to be leaning toward allowing some witnesses. Representative Henry Hyde, chairman of the House Judiciary Committee, who will in effect serve as lead prosecutor in an impeachment trial, met with Mr. Lott and said later that the senator "was not unresponsive" to the case for calling witnesses.

Democrats, however, have said that calling witnesses, probably including Ms. Lewinsky, the former White House intern, would guarantee a long and acrimonious trial.

Speaking before Mr. Lott, Mr. Daschle said that an agreement on the outlines of a trial should be reached before it goes ahead, and that the witness question could derail such an accord.

"My advice to the White House," he said, "would be as soon as the first witness is called, all bets are off with regard to agreeing on a procedure."

White House aides, confident that they could win a quick vote in the Senate but concerned about what surprises a longer process might bring, expressed growing consternation Wednesday.

The president's spokesman, Joe Lockhart, said lawyers and officials at the White House felt "some obvious frustrations that we don't know what the procedures will be." Mr. Clinton, he said, "is anxious to get this resolved quickly and fairly."

The president's legal team, while hoping that the political risks of a messy trial might persuade Republicans to find a compromise solution, is said to be preparing for a proceeding of anywhere from two months to a half-year or more.

Mr. Hyde agreed that the state of flux surrounding the historic matter was proving damaging. "Everything is under negotiation," he said. "All kinds of rumors are going around. Time is wasting."

Several Democrats have bridled at public attempts by Mr. Hyde and other House "managers" to influence the conduct and organization of a Senate

trial. With little precedent to guide them, some of the trial procedures will be determined by majority vote as the matter moves ahead.

"We didn't involve ourselves in their proceedings and it is very disturbing that they now seem to be intent on involving themselves in ours," Mr. Daschle said.

House managers have said they would need two or three weeks to present their case. The House approved two articles of impeachment on Dec. 19, alleging that Mr. Clinton committed perjury and obstructed justice.

Mr. Clinton's lawyers are expected to argue that he did not commit perjury in his sworn denials of an affair with Ms. Lewinsky, because he believed that he was telling the truth. They say there are innocent explanations for what House prosecutors portrayed as witness-tampering.

Earlier, Mr. Lott said he could not predict the length of a trial.

"I can't give you a magic date," he told reporters, before a meeting with the other Republican senators. "All kinds of variables are coming into play." He added, "We may not know the absolute answer until we get started."

Mr. Lott reportedly told Republican senators that after the largely ceremonial events on Thursday, he wants opening arguments presented Monday by representatives of the House and the White House. There were reports he hopes to conclude the hearing by mid-February.

Much else about the proceedings remained in doubt, but the mounting likelihood appeared to be of a trial of at least several weeks and possibly some months.

The Washington Post, which interviewed more than 40 senators, found sentiment on the trial beginning to break down along party lines, with Democrats favoring an accelerated trial and censure, and Republicans generally in favor of a full-scale trial.

A weekend poll found that more than 60 percent of Americans see no need for a full trial of Mr. Clinton. Nearly that many said a full trial would seriously harm the country, according to the CBS News survey.

Senate Democrats, with 45 seats, are thought sure to be able to block the 55 Republicans from obtaining the 67 votes needed to remove Mr. Clinton from office.

Give the Dog
Who's Down
A New Drug

New York Times Service

NEW YORK — The Food and Drug Administration has announced approval of two drugs as the first treatments ever marketed specifically to treat mental problems in dogs.

The drugs, already used in people, may save animals' lives, veterinarians said. About 7 million dogs a year are destroyed because owners can no longer stand their behavior, according to Nicholas Dodman, a specialist in animal behavior at Tufts University.

One drug, Clonicalm, will be prescribed for dogs suffering from "separation anxiety," which is said to cause them to react when left alone by barking, chewing their owners' belongings, drooling copiously, or defecating or urinating inside the home. Clonicalm is manufactured by Novartis Animal Health U.S. Inc. of Greensboro, North Carolina.

The other drug, Anipryl, will be recommended for canine cognitive dysfunction, or "old dog syndrome," a mental deterioration that comes with age. Such dogs often seem to forget that they were housebroken, and they may fail to recognize their owners. It is made by Pfizer Inc. of Exton, Pennsylvania.

"There is a tremendous human-animal bonding relationship established, especially with senior dogs," said Edward Kanara, a veterinarian with Pfizer. The relationship breaks down when the dog forgets who its owner is, and Anipryl, he said, can restore the bond.

Trafficking
Key to Talks,
Bogota SaysBy Diana Jean Schemo
New York Times Service

BOGOTA — President Andres Pastrana says that ending the civil war that has ravaged his country for nearly 40 years depends on the rebels' willingness to help stamp out drug trafficking in areas under their control.

Mr. Pastrana's assessment came as he prepares to open talks with the leftist rebels. The United States has strengthened its position by offering substantial help in increasing military and police power.

The president, who took office five months ago, is slated to meet leaders of the most powerful insurgency, the Revolutionary Armed Forces of Colombia, known as FARC, on Thursday in the remote jungle town of San Vicente del Caguan. The government evacuated security forces from an area as high as Switzerland to allow the talks to take place, as the rebels demanded.

In an interview Tuesday at the Narino Presidential Palace, the president noted that U.S. aid has so far gone largely toward supporting police efforts to halt drug trafficking, mostly through fumigation. Pushed by conservative Republicans in Congress, Washington more than tripled aid to Colombia recently, to \$289 million this year from \$88.6 million last year.

The State Department spokesman, James Rubin, announced this week that a midlevel department official, Philip Chicola, had met secretly with rebel leaders in Costa Rica to discuss their recent declarations of willingness to eliminate drug crops in areas they control. Mr. Chicola also discussed the rebels' policy on kidnapping foreigners and the fate of three missing missionaries whom they are accused of having kidnapped five years ago.

"The first enemy of peace is narco-trafficking," Mr. Pastrana said. "If the FARC takes the decision to eradicate drug crops, they'll do it. Because they definitely have the influence to carry it out."

He reiterated earlier criticism of U.S. policy as relying almost exclusively on police tactics to fight drug dealing, and noted that some lawmakers had an interest in promoting war in Colombia. Under the current budget passed by Congress, Washington plans to spend \$10 million on crop substitution in drug-producing regions, but \$9 million of the money will go to Peru and Bolivia.

"In the U.S. Congress, there are those who believe that only through repressive, policing measures can you put an end to this business," Mr. Pastrana said. "I maintain that for the first time ever, there's a different window of opportunity. And it's that the guerrilla group is saying it would agree to eradicate drug crops."

"It's the first opportunity we have to consider our policy of fighting drug trafficking in a different way," he said. "Why not look at it?"

AMERICAN
TOPICSNot Much but Nostalgia Left
Of the Catskills Borscht Belt

For decades, predominantly Jewish crowds flocked to the green mountains and grand hotels of the Catskill Mountains north of New York City for fresh air and caustic jokes, big bands and mountains of all-you-can-eat food: rib steaks, blintzes and borscht (hence the nickname, the Borscht Belt). "It was like New Year's Eve every night," said Jackie Horner, a dance instructor in one of the big hotels. "We danced all day and danced all night, then we danced some more."

In the boom times after World War II, little farms and boarding houses were built up into big hotels. Family-owned hotels kept guests coddled, fed and busy with hikes, bingo, bridge and tango lessons. Some of America's greatest comedians honed their skills there, from Jerry Lewis and Danny Kaye to, more recently, a young fellow named Jerry Seinfeld.

But in recent years, reports The Associated Press, the party has been winding down. With the advent of air-conditioning and low airfares, fewer young

people flee New York City in the summer for the cool Catskills air. The hotels' idiosyncratic charms have begun to seem dated. Catskills hotels have closed at a steady rate since the 1970s. Only a few survive in their original form.

In the past year, three old-line hotels have closed, including the 1,200-room Concord Hotel. Both the Concord and Grossinger's, once the area's classic resorts, are to be auctioned off this month as part of bankruptcy proceedings. "It's a sad thing," said Abe Burish, a retired hotel maitre d'. "The whole culture is gone."

The Jewishness of everything: the shows, the food, the Jewish cooking, the Jewish entertainment. Everything.

The money now, however, is in condominiums, corporate-friendly conference centers and golf centers. One local tourism official described the stakes bluntly: "You say this is charming, or this is Old World — but I can't hook up my modem and get e-mail."

Short Takes

The incredibly prolific zebra mussel, a tiny bivalve that has clogged lakes and rivers in 19 states since it arrived in North America in the 1980s aboard ships from Europe, has the city of Chicago perplexed. With the creatures clogging water intake tunnels in Lake Michigan, giving city water an unmistakable dirty-socks flavor (but causing no health problem), officials

are considering extending the tunnels as much as 8 miles (13 kilometers) into the lake, at a cost of \$10 million per mile. The problem, elucidated by a feasibility study: The mussels might beat workers to such an offshore site.

Delaware, the first state to approve the U.S. Constitution, is being commemorated on the first of a new series of quarters the U.S. Mint has begun distributing. The new coin, reports The Philadelphia Inquirer, illustrates a historic trip 223 years ago: the horseback ride of Caesar Rodney, a Revolutionary War figure who in 1776 raced the 80 miles from Dover, the Delaware capital, to Philadelphia, to cast his vote approving the Declaration of Independence. The series of quarters eventually will feature separate designs on the coins' tails sides to commemorate each of the 50 states, in the order in which they approved the constitution or joined the union. A profile of George Washington remains on the head side.

After two decades of growth, the number of women applying to medical schools has reached a plateau, reports The Chronicle of Higher Education. The proportion of women in residency programs had grown from 22 percent in 1980 to 36 percent in 1997. Pediatrics had the highest female presence; surgery was at the bottom.

Brian Knowlton

Away From Politics

• "Meanness" is driving out compassion in dealing with the homeless as cities across the United States tighten restrictions on sleeping and begging in public places and "criminalize" homelessness, according to a report from the National Law Center on Homelessness and Poverty in Washington. (AP)

• Ford Motor Co. will begin equipping its cars and trucks with a computerized system that adjusts airbags to try to improve protection for the driver and front-seat passenger, based on use of seat belts and other factors. (AP)

• Murder charges were dismissed against four defendants in Baltimore because their trial had been postponed repeatedly over a three-year period — a time so long that it "boggles the imagination," a circuit court judge said — often because no courtroom space was available. (AP)

• A parolee who raped and strangled a 77-year-old woman after she gave him a job doing lawn work was executed by injection Tuesday in Huntsville, Texas. The execution was the first in Texas this year. (AP)

Marie Martine

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ASIA/PACIFIC

In Hong Kong, a 'Charm Offensive'

Chief Executive Counters Economy by Showing a Human Side

By Keith B. Richburg
Washington Post Service

HONG KONG — Readers of Hong Kong's newspapers this week were treated to a rare and in some ways startling sight — photographs of the territory's chief executive, Tung Chee-hwa, as a young boy with his parents and siblings in the 1950s and later, with his now-gray crew cut and a mustache, balancing his young daughter on his shoulders.

The photographs were not all that unusual, but the typical black-and-white snapshots that might be found in any dusty family album. What is causing a stir here is that they appeared at all, given Mr. Tung's reputation as something of a recluse who treats a news conference with the anticipation of a trip to the dentist.

Local analysts are calling this turn-around part of a new "charm offensive" by the normally reticent, media-shy Mr. Tung. With Hong Kong's economy at its lowest ebb in years, his own popularity numbers low and his government taking a near daily hammering for its perceived inaction, Mr. Tung apparently decided that the time was right to shed his aversion to the media spotlight and open the door — just a crack — into long-closed areas of his personal and private life.

Mr. Tung's press aide, Au King-chi, said the decision to make public the family photos came in concert with an unusual weekend interview that Mr. Tung gave to a celebrity radio interviewer, Alan Tam, for a program called "Tough It Out." In the interview, Mr. Tung talks about Hong Kong's current tough times but also about his own hardships: having to learn English as an immigrant from Shanghai and then dealing with the near-bankruptcy of his family shipping firm in 1983.

With the company almost broke, Mr. Tung recalled in the interview, he was forced to send his mother to the United States to stay with his daughter, who was studying there. "When I saw my mother off at the airport, I was worrying whether I could afford my daughter's tuition fees," he told the interviewer.

In terms of personal revelation, the interview fell far short of what is commonplace for most American politicians, but for a public official with an obsession for privacy, it seemed to mark a dramatic change in style.

"It was a very rare type of interview he did," Mr. Au said. "He thought this type of interview would be helpful with

the tough economic climate." The move is part of a series of steps designed to improve Mr. Tung's public image and battle the perception that since Hong Kong reverted to China in mid-1997, the territorial government has grown aloof and prone to crises and missteps — such as last year's outbreak of "bird flu" and the disastrous opening of Hong Kong's new international airport. Among other steps taken was the hiring of a veteran civil servant, Stephen Lam, who will take over the new job of "information coordinator," making him the de facto government spokesman.

"This actually signifies a change of attitude on the part of Tung," said Andy Ho, a public relations consultant and frequent political commentator. "Only a few months ago, he was saying he didn't care about public relations."

Will it work? Analysts here disagree. "I think it's a very good start," Mr. Ho said. "The move in releasing some of his childhood family photos will have the effect of softening his image somewhat."

Others are skeptical. "I think there is a wrong perception — and it's a typical perception on the part of civil servants — that when things go wrong to say it's because government policies haven't

been presented correctly to the public and it's all a communications problem," said Joseph Cheng, a political science professor at the City University of Hong Kong.

"They obviously don't have a convincing package to lift Hong Kong out of its economic difficulties," Mr. Cheng said. "It's no longer a matter of image or communications or a charm offensive. It's a question of do you have the vision and willpower and the ideas."

Local newspapers were also divided. The South China Morning Post, noting that Mr. Tung was reported about this week "in greater detail than at any time since he took office," went on to say: "It was a public relations exercise, a display of the human touch, and it was little short of a triumph."

The Chinese-language daily Sing Pao wrote: "To improve public relations is important, but it is more important to improve the economy."

"It is nice to see old photographs from the family album which show Tung Chee-hwa as a chubby youngster and family man," said an editorial in the English-language Hong Kong Standard. "But if that is the best his spinmeisters can do to resurrect his image, then he needs more help than he now thinks."



OFF THE MARKET — Hong Kong police officers displaying seized packets of heroin on Wednesday after six men were arrested and more than 20 kilograms of drugs confiscated in two operations.

BRIEFLY

Amwar Inquiry Is Weighed

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad said Wednesday that he would consider demands for an independent inquiry into injuries suffered by his fired deputy, Anwar Ibrahim, while in police custody.

His comments came as an ally in the governing 14-party National Front coalition joined growing criticism of police conduct, marking a rare break in ranks of the alliance.

The Malaysian People's Movement Party, or Parti Gerakan, said in a statement that it "strongly feels" it was "not acceptable" that the people responsible for the injuries were not identified and that no explanation was given about the injuries.

In his first comments on the controversy, Mr. Mahathir said he had not thought about when an independent commission of inquiry would be set up and would have to study the matter.

Chinese Bus Blast Kills 18

BEIJING — An explosion tore apart a bus in China's northeastern Liaoning Province, killing 18 of

more than 40 passengers aboard, the official Xinhua press agency said Wednesday.

The police in the city of Linghai said that the blast occurred late Monday. Fifteen passengers died instantly and three in a local hospital, they said.

The cause of the blast is under investigation, according to officials.

Khmer Rouge Films Missing

PHNOM PENH — More than 1,000 hours of film that could help form genocide charges against Khmer Rouge leaders are missing from Cambodia, the head of the country's genocide documentation center said Wednesday.

The documentary films, virtually the entire domestic archive of films made during the 1975-1979 Khmer Rouge revolution, disappeared last year from the Ministry of Culture and may have been sold, said Youk Chhang, head of Cambodia's Documentation Center.

He said that when he approached the ministry in September and asked to view the films as part of the center's investigation into Khmer Rouge crimes, he was told that the film had been taken to France for restoration.

"I think they may have been sold," he said. "If they

had gone for restoration, I think we could get it back but I think they have been sold."

Tokyo-Moscow Deal Reported

TOKYO — Japan is poised to propose a deal to Russia that would involve the return of two of four disputed islands that stand in the way of a peace treaty, a major Japanese newspaper reported Wednesday.

A Japanese Foreign Ministry official whose section handles Russian affairs would neither confirm nor deny the report, but indicated that it was not entirely false. But the news brought a swift and icy response from Moscow, where a Foreign Ministry spokesman described it as "pure speculation" and insisted that no such proposal had ever come up in extensive negotiations with Japan.

The Yomiuri newspaper quoted government sources as having said that Japan was considering proposing an interim treaty that would give control of Shikotan and Habomai islands to Tokyo.

Tokyo and Moscow have long argued over the four islands, which Japan calls its Northern Territories. Situated north of the country's northernmost main island of Hokkaido, the islands were seized by Soviet troops at the end of World War II.

INTERNATIONAL

Iraqi Troops Plentiful In the Tinderbox South

Thousands Posted to Block Shiite Uprising

Agence France-Presse

BASRA, Iraq — Iraqis maintaining a strong military presence in the south of the country, with thousands of troops deployed to discourage uprisings among the Shiite Muslim population.

In the region, officials say they are convinced that a second wave of U.S. and British bombings will be unleashed to encourage insurrection of the sort seen after the Gulf War in 1991 when the Shiites rebelled against the Sunni Muslim government of President Saddam Hussein.

Iraqi and U.S. jets clashed over the southern no-flight zone Tuesday after two similar incidents last week.

Anti-aircraft guns line the road to the south, from Kut to Iraq's second largest city, Basra, which has remained a military stronghold since the four days of U.S. and British bombings last month.

The road is also lined with military encampments and barracks, some partly buried and some storing dozens of tanks. Checkpoints are common and increasingly frequent on the outskirts of this port city.

Small double-barreled cannoos stand on both streets and are used to shoot at the U.S. F-16s and British Tornados that patrol the no-flight zones. There are no signs of mobile missile batteries.

The main purpose of this show of force is to prevent trouble on the ground, not in the air.

Before the bombings, President Saddam split Iraq into four military zones in an attempt to stop areas from breaking away from his rule in Baghdad.

Members of the ruling Ba'ath Party, most of them in their 40s and carrying machine guns, patrol the city streets and crossroads.

Tribesmen have based themselves in tents along the road, flags flying and tribal names emblazoned across the canvas. "We are here to protect Saddam Hussein," said Sheikh Sabah al-Batati as he met with his family under their main tent.

"The Americans will find a new pretext for attacking," said Basra's governor, Ahmad Ibrahim Hamash. "We have taken important measures. The population obeys our instructions."

"They want to stir trouble, like after the Gulf War, when people came in from Iran to create disorder by releasing prisoners," he added. The border with Iran, which is a stronghold of Shiite Muslims, is only 30 kilometers (18 miles) away.

He dismissed with a wave of his hand the idea that an armed Shiite opposition could operate from the marshes along the border. But, a resident said, "There are armies around. Roads are not safe at night. People are hungry and desperate."

"There are Shiites among us," said the commander of a small detachment of the Ba'ath's members in Basra.



Amnon Lipkin-Shahak announcing his candidacy for prime minister.

ISRAEL: A General Signs Up to Run for Prime Minister's Post

Continued from Page 1

citizenship" and denied his policy positions as "obscure."

Tall, telegenic, well-spoken and respected for a stellar career, Mr. Lipkin-Shahak seemed only to gain in the public's esteem from his inexperience in the grip of politics and governance.

A protégé of the late Prime Minister Yitzhak Rabin, who was also chief of staff before he began his political career, Mr. Lipkin-Shahak exemplifies a certain strand of Israel's elite: secular, well-connected, Israeli-born and of European descent.

He rounded out the picture as a successful combat commander of paratroopers and commandos before moving up the chain, including a stint as chief of military intelligence.

In recent weeks his glossy image has been slightly scuffed as his candidacy took shape and met the real world of Israeli politics.

Although he speaks about leading a party of the center, he has failed to recruit several prominent politicians to his cause. As yet, his "party" has no name, no

platform and no membership, only a candidate and some heavyweight advisers.

The man he calls his comrade in arms, Dan Meridor, a former finance minister, has also declared his candidacy for prime minister, although he still speaks of an alliance with Mr. Lipkin-Shahak.

Because of his poll ratings and military record, Mr. Lipkin-Shahak is regarded as an important wild card in the race. His candidacy poses a dilemma not only for Mr. Netanyahu, his main rhetorical target, but also for Ehud Barak of the center-left Labor Party, who preceded Mr. Lipkin-Shahak as military chief of staff.

For Mr. Barak, Mr. Lipkin-Shahak's decision makes an outright victory by either of them unlikely in the first round of voting May 17. The two have similar military résumés and, it seems, similar views on security and social issues.

Polls suggest that the two will split Israel's center-left vote and force a runoff against a right-wing candidate, probably Mr. Netanyahu, on June 1. In the latest surveys, Mr. Lipkin-Shahak is far ahead of Mr. Netanyahu in a one-on-one

race but trails both Mr. Netanyahu and, by a small margin, Mr. Barak in a three-way contest.

Mr. Lipkin-Shahak was courted by Mr. Barak to join Labor but declined, saying the party was a spent force that could not overcome its relatively poor image among Israelis from Arabic- and Russian-speaking countries. Although he avoided any criticism of Mr. Barak, Mr. Lipkin-Shahak did bash Labor, as well as Mr. Netanyahu's conservative Likud party, on Wednesday.

"Neither party represents the new Israel," he said. "Left and right are stuck in their positions, attacking one another. They are not able to give answers, not to the problems and not to the challenges. And they are not offering a future."

His own goal, he said, will be to bridge the fault lines in Israeli society that have been widened by what he described as Mr. Netanyahu's politics of division: "a country at war, at war with itself, at internal war that could lead to disaster if we aren't able to stop it in time."

On most questions Mr. Lipkin-Shahak's positions were in line with much of the mainstream of Israeli politics.

He favored negotiations with Syria to resolve Israel's protracted occupation of southern Lebanon, suggested that a Palestinian state was inevitable but had to be negotiated in the framework of talks with Israel and insisted that Jerusalem must remain under Israeli sovereignty despite Palestinians' aspirations to establish their own capital in the eastern part of the city.

Netanyahu Takes Flak Over Jacket

The Associated Press

JERUSALEM — Prime Minister Benjamin Netanyahu tossed his bullet-proof jacket to the floor — and with it, some Israelis said, caution to the wind.

Mr. Netanyahu was criticized Wednesday for making a show of stripping off his protective jacket at a meeting of his Likud Party the night before.

The Shin Bet security service has long advised prime ministers to wear the heavy protective vest at public events.

Prime Minister Yitzhak Rabin — who rejected the vests as uncomfortable — was assassinated at a peace rally in 1995. The bullets hit his torso.

"I got a message," Mr. Netanyahu said after getting a note while he spoke in Kiryat Ata, a northern Israeli town. "Open the coat — it's silly."

He slowly ripped open the Velcro fastenings, to cheers from the audience — then paused.

"I have a question, is there someone here who is not a Likud member? Put up your hand? No one?" Then he dropped the coat to the floor.

The move reportedly angered the Shin Bet.

Mr. Rabin's widow, Leah, told Israel TV she found the action offensive. "If on that long night Yitzhak had worn a bullet-proof jacket, all the chances are that he would be with us today," she said.

INSPECT: Confidants Quoted as Saying UN Chief Suspected Arms Monitors of Helping U.S. Eavesdrop on Iraq

Continued from Page 1

a statement to The Washington Post after conferring with Mr. Annan about inquiries for this article. "Consequently he has no knowledge of any of these alleged activities. If the allegations were to be true, they would pose a serious challenge for the United Nations with regards to our disarmament work in Iraq and multilateral arms control efforts generally."

Speaking on condition of anonymity, confidants of Mr. Annan said he had accumulated a considerable body of circumstantial evidence on the eavesdropping. In late December, after the U.S. and British bombing of Iraq had stopped, he called Mr. Butler to ask if the reports were true. The Australian diplomat, according to two accounts, denied them.

In a phone interview Tuesday, Mr. Butler said, "A number of member states have assisted Unscm in various aspects of its work, and one of those is the United States, but as far as I am concerned I have always been assiduous in insisting that any assistance given to us be strictly related to our disarmament mandate. I have never approved of any assistance to any member state which would serve their unilateral purposes."

The latest controversy illustrates the perils inherent in the commission's attempt to create the first UN intelligence operation. Mutually escalating efforts by Iraq to obstruct the inspectors and by the commission to pierce the obstruction entangled the inspectors in the separate and sometimes competing agendas of contributing governments. The use of increasingly sophisticated intelligence techniques embroiled the commission in struggles for control over which countries would conduct the most sensitive work and how the information would be used.

"We've already established that Saddam's personal security apparatus and the apparatus that conceals weapons of mass destruction are one and the same," said one Clinton administration official, adding that it was therefore impossible to distinguish them for purposes of intelligence gathering.

The Post reported Oct. 12 that an Unscm operation code-named Shake the Tree involved synchronizing arms inspections with a new synthesis of intelligence techniques allowing Washington to look and listen as Iraq moved contraband.

At the request of the U.S. government, The Post agreed on national security grounds to withhold

from that report operational details.

What is new is the open discussion of evidence that the commission not only benefited from U.S. intelligence but also participated directly in gathering data as part of what its first chairman, Rolf Ekus, called "special collection missions."

In a September 1995 meeting with John Deutch, then the director of the CIA, Mr. Ekus delivered a memo complaining that the U.S. intelligence agencies had declined to share the full fruits of their joint work with the UN commission.

"Since January of this year the commission has undertaken three special collection missions," Mr. Ekus wrote. "To date the commission has been denied access to the data collected by these missions."

The CIA, State Department and White House declined requests Tuesday for formal comment.

Some members of the UN Secretariat have urged Mr. Annan to press his concerns directly with the Clinton administration, but the secretary-general has resisted.

"He is a risk-taker, but he is not self-destructive," one adviser said. Rather than risk a frontal dispute with the body's most important member, another adviser to Mr. Annan said the secretary-

صكنا من الراحيل

EUROPE

Turkish Politics Paralyzed

Another Attempt to Form a Government Fails

By Stephen Kinzer
New York Times Service

ISTANBUL — Political uncertainty deepened in Turkey on Wednesday as the second prime minister-designate in less than a month gave up his efforts to form a government.

"I have given the mandate back to the president," said Yalim Erez, who had been asked by President Süleyman Demirel to try to put together a coalition. "What is important is that Turkey does not stay without a government, as is now the case."

Mr. Erez's failure was the latest example of the paralysis of party politics here. Both the center-left and center-right are deeply split between factions loyal to bitterly antagonistic leaders.

Although the Islamic-oriented Virtue Party is the country's strongest, leading military commanders consider it subversive and have blocked efforts to include it in a new government.

The military orchestrated a pressure campaign that brought down a pro-Islamic government in 1997. It helped install Mesut Yılmaz as the country's new leader, but his government fell in a corruption scandal six weeks ago.

As civilian politicians show themselves unable to overcome personal feuds, military influence is growing. Commanders believe they are the only stabilizing force in the

country. In the last week they have issued two statements calling on politicians to unite in fighting the Islamic political movement and supporting other military positions.

Mr. Erez seemed on the verge of forming a government this week when one of his fiercest rivals, former Prime Minister Tansu Çiller, suddenly announced she was throwing her unconditional support to another political leader, Bülent Ecevit. That maneuver effectively undermined Mr. Erez's prospects.

Mr. Demirel is expected to select a new candidate to form a government. He may decide to give Mr. Ecevit, who tried and failed in December, another chance.

"It looks like Ecevit will get another shot," said a foreign diplomat in Istanbul. "It just gets messier and more chaotic all the time."

National elections in Turkey are scheduled for April. Military commanders, however, are uneasy at the prospect. They fear that the elections will produce another fractured Parliament, possibly with the religious-oriented Virtue Party stronger than ever.

This week's unexpected turn of events reflected the continuing power of Mrs. Çiller, once Turkey's brightest political light but now badly tarnished by corruption scandals. She has been consigned to political oblivion several times, but has confounded many Turks by retaining her role as a party leader and power broker. She has denied all allegations against her, and has never been officially charged with a crime.



Yalim Erez arriving for talks with President Demirel in Ankara on Wednesday.

BRIEFLY

German Conservatives to Sue To Stop Nationality Measure

WILDBAD KREUTH, Germany — German conservatives will file a suit to stop the government from making it easier for foreigners to become citizens, former Finance Minister Theo Waigel said here Wednesday.

Mr. Waigel, who is about to step down as head of the Bavaria-based Christian Social Union, told a party congress that he would file suit in Germany's constitutional court to parry the center-left government's attempt to remove the blood qualifications for citizenship to allow immigrants born here to become Germans.

The issue was a hot one during the general election campaign that resulted in the ouster of former Chancellor Helmut Kohl. At one point, Christian Social leaders said that Germany could not be considered a land of immigration. (AFP)

French Photographer Jailed For Role in Prostitution Ring

PARIS — A French photographer was sentenced Wednesday to five years in prison for his role as a leader in an international prostitution network that police say provided young women to clients willing to pay up to 20,000 francs (\$3,600) a night.

The photographer, Jean-Pierre Bourgeois, 51, was also required to pay 200,000 francs in damages to five women who filed the charges that led to his arrest. The case involved close to 90 young women, including 14 minors.

The investigation created a stir in March, when the actor Robert De Niro was hauled in for a day of questioning by a French judge as a witness in the ring. Mr. De Niro denied paying any woman for sex. (AP)

Michel Petrucciani, Jazz Pianist, Dies

By Stephen Holden
New York Times Service

NEW YORK — Michel Petrucciani, 36, the French jazz pianist and composer whose keyboard virtuosity earned him comparisons with Art Tatum and Bill Evans, died Wednesday at Beth Israel Hospital in New York City.

He died of a pulmonary infection, said a spokesman for his French record company, Francis Dreyfus Music.

The career of Mr. Petrucciani, who was considered one of the great romantics of jazz piano, flourished in spite of a severe physical disability. The pianist was born with osteogenesis imperfecta, also known as "glass bones," a disease that stunted his growth and weakened his bones. He was only three feet tall (0.9 meters) and weighed barely 50 pounds (23 kilograms).

He had to be carried onto the stage and he used a special attachment to work the sustaining pedal of the piano. The ailment did not affect his hands, however, and he played with a seemingly inexhaustible vigor and enthusiasm.

Mr. Petrucciani was born to Italian parents in Montpellier. His family was musical, and as a child he played the drums in a band with his father, Tony, a guitarist, and his brother Louis, a bassist. After studying classical music for eight years, he turned to jazz full time because he loved to improvise and wanted to write his own music.

His professional career began at the age of 15, playing for the drummer and vibist Kenny Clarke. Moving to Paris, he recorded his first album at 17, and by his late teens he was appearing regularly at European jazz festivals. After a visit

to New York, he toured France in a duo with the saxophonist Lee Konitz, with whom he recorded an album of duets.

One of his most acclaimed early recordings, "100 Hearts" (Concord), was an album of solos. Between 1986 and 1994, he cut seven albums for Blue Note Records, including "Power of Three" (with Wayne Shorter and Jim Hall) and an acclaimed album of original songs, "Michel Plays Petrucciani."

For all the comparisons with Bill Evans, Mr. Petrucciani had found his own style, which was more aggressive, fuller, and sunnier than that of his idol, and incorporated secondary influences as disparate as McCoy Tyner and Debussy. At the time of his death, he was hoping to set up an international jazz school in France. "It's my life's work," he said. "Jazz is dying out."



Mr. Petrucciani in 1991 at his New York home.

Jospin Questions Iraq Attack

By Craig R. Whitney
New York Times Service

PARIS — The French prime minister criticized recent U.S. and British air strikes against Iraq on Wednesday and said that France would make concrete proposals for ending the impasse with Baghdad.

Prime Minister Lionel Jospin told the daily Le Monde, "The United States often acts in a unilateral way that undermines its ambition to mobilize the international community."

"What's the reality after the Anglo-American strikes?" he asked. "We've gone from a situation where the entire international community, with the United Nations, was reminding Iraq of its obligations to a direct confrontation between the Baghdad regime and our American and British friends. I don't see how that's progress."

France, he said, is working on ideas to end the crisis in a way that would ensure "lasting regional security" while permitting Iraq to resume oil exports and would present those

ideas "at the right time." In general, he said, "there is a need for France to assert itself more on the international scene, not because of its power or wanting to teach anybody lessons, but because it has a different way of seeing certain international realities." He added, "France, a friend of the United States, does not automatically share that great country's point of view."

President Jacques Chirac and other French officials expressed disappointment at decision to bomb Iraq after Baghdad stopped cooperating with UN arms inspectors last month, but officially France pinned blame for the crisis on President Saddam Hussein.

In a wide-ranging interview published by Le Monde on Wednesday, Mr. Jospin, a Socialist, observed that presidential pronouncements did not carry the same weight as they did when conservatives from Mr. Chirac's party controlled both the presidency and the government, from 1995 to mid-1997.

Mr. Jospin is widely expected to run against Mr. Chirac in the 2002 presidential election.

INTERNATIONAL

Catholic Agency Reports Massacre of 500 in Congo

By Ian Fisher
New York Times Service

NAIROBI — About 500 people were massacred in the Democratic Republic of the Congo during the New Year holiday, according to a Roman Catholic news agency.

No independent confirmation of a massacre of its size was available. If the report is true, it would appear to be the largest massacre since the start of a rebellion in August against President Laurent Kabila.

Mr. Kabila came to power in May 1997 after a military campaign across the country, then Zaire, during which his soldiers and their supporters were reported to have carried out more than a dozen massacres. Those killings, never fully investigated, had their roots in the region's bitter ethnic conflict between the Tutsi and Hutu, and in the massacres of more than a half-million Tutsi in Rwanda in 1994.

The Catholic group, the Missionary Service News Agency, reported Tuesday that the killings on three days last week were carried out by soldiers aligned with the rebels, who are led by Tutsi. But the victims were not Hutu and ethnic tensions did not appear to be the cause of the slayings, said the Reverend Giulio Albanese, the news service's editor.

He said the killing began Dec. 30 in the town of Makobola, in the far east of Congo across Lake Tanganyika from Burundi, and ended on Friday. He said that local people told the agency that the killers shot their victims or hacked them to death with machetes.

"They said it's hell," Father Albanese said in a telephone interview Tuesday night from Rome. "The smell of dead bodies is awful in the area."

Religious groups, both Catholic and Protestant, are active in the area, and are well connected with aid groups and other international institutions working there.

Ernest Wamba dia Wamba, president of the main rebel group, the Congolese Rally for Democracy, said Tuesday night that he was not aware of any massacre and could not make any comment.

But a rebel commander, Jonas Padiri, strongly denied that any massacre took place.

"It's impossible," he told Reuters. "The area around Uvira is calm and has been calm. There have been no problems there."

Uvira, the nearest large town, is less than 10 miles (16 miles) to the north of where the massacre was reported.

In Kivu, the area where the killings allegedly took place last week, ethnic tensions are further complicated by antipathies between the Hutu, a loose band of fiercely independent warriors.

They are not identified with any single ethnic group, and some claim to fight for Mr. Kabila and others against him.

But the Mayi-Mayi are against the rebels. According to Father Albanese and other reporters, the Mayi-Mayi forced

the rebels to retreat from the town into the mountains nearby. The Mayi-Mayi then left the town, too.

At that point, according to these reports, the rebels returned and began to kill villagers, for their suspected support of the Mayi-Mayi.

Father Albanese said the killings, which he said may have involved soldiers from Rwanda, were organized by a rebel commander with the nom de guerre of Shtani. He is reportedly based in Uvira.

Rebels Terrorize Sierra Leone Capital

The Associated Press

FREETOWN, Sierra Leone — Raging rebel fighters shot their way into the heart of Sierra Leone's capital Wednesday, capturing a main government office building and burning down the city's police station while terrified residents fled into their homes.

It was unclear who controlled the city, though rebels could be seen in the State House and amid the rubble of the police station and were moving through the deserted streets, according to witnesses contacted by telephone.

Sierra Leonean soldiers and forces of the Nigerian-led intervention force that has been fighting the rebels were nowhere to be seen, the witnesses said.

Gun battles and artillery volleys rang out through abandoned the city's streets.

It was unclear how many rebels had infiltrated the city, though they were believed to number at least a few hundred.

The witnesses said the rebels had captured the State House — an important government office building and the symbolic seat of government — and burned down the Nigerian Embassy as well as the police headquarters. The police special branch headquarters —

the state's secret service — was also burned down.

One unconfirmed report said prisoners, including scores of rebels, had been freed from the city's main prison. Reinforcements and additional supplies were being dispatched to Freetown from Nigeria, a Nigerian military official said on condition of anonymity.

Earlier, the government had claimed it had remained in control of the situation.

"The government is still in control," Information Minister Julius Spencer said on state radio. "There is no cause for alarm."

State radio, which hours earlier had been warning people off the streets, was broadcasting only music for much of the morning. However, it later aired comments from Information Minister Julius Spencer, who tried to calm city residents. He said that the intervention force, known as Ecomog, would beat back the rebels.

"Ecomog will deal with the rebels decisively," he said.

He explained that an unspecified number of rebels, hidden among crowds of refugees, had moved into Freetown from the southern outskirts of the city.

Congo, apparently in retaliation for an attack on their forces, The Associated Press reported from Goma, Cong.

"If this is true, those responsible will be punished," Mr. Wamba dia Wamba said. "I have ordered an investigation by the local authorities. We have to wait for the results."

Officials in the Rwandan capital, Kigali, were not immediately available for comment. Rwanda, along with Uganda, is backing the rebel bid to overthrow Mr. Kabila.

Rebels Terrorize Sierra Leone Capital

Losing control of Freetown's city center would be a major blow to the intervention force, which was hailed as liberators earlier this year when its forces moved into the city to depose the ruling junta and restore the elected government to power.

Earlier in the day, thousands of people fled to the center of Freetown after a two-hour barrage on the outskirts of the city. The civilians, fleeing on foot and in vehicles, retreated after the onset of firing from an industrial area about 10 kilometers (6 miles) from Freetown.

Government soldiers and Ecomog troops are battling the rebel Revolutionary United Front, which has fought a long-running war in Sierra Leone.

President Ahmed Tejan Kabbah was deposed in a coup in May 1997 by a military junta allied with the rebels. Soldiers from the intervention force restored him to power 10 months ago.

The rebel force, which has been accused of widespread atrocities, including the murder and torture of countless villagers, launched a renewed offensive in December.

It has swept through several towns in the east and north of the country since then.

PRINCE: Youngest Son of Queen to Marry Longtime Girlfriend

Continued from Page 1

Agency as proof that the first Windsor to have an outside job is making a success of it.

Despite the impression lent by her hyperbated name, Miss Rhys-Jones is not an aristocrat but the head of her own public relations firm who was raised in a Victorian farmhouse in the Kent village of Brentley, near Tunbridge Wells, and never went to university. Her father is a former car salesman who later worked for a fire company selling to Eastern Europe.

Her age, her middle class upbringing and her working girl experience have been cited by friends as guarantees that her entrance into the royal family will not be as traumatic as that of the younger and more impressionable Diana Spencer, the wife of Prince Charles, and Sarah Ferguson, the wife of Prince Andrew. Prince

Edward is also not her first extended romance; she spent a year in Sydney with an Australian ski instructor she met in Switzerland and followed home.

It will not be known until closer to the wedding whether the queen will make Prince Edward a duke as she did Prince Andrew when he married. If she does, Miss Rhys-Jones would become a duchess. If not, she becomes Her Royal Highness Princess Edward.

Of his siblings, Princess Anne at 23 was the first to marry and to divorce, but also the first to remarry. Married to Captain Mark Phillips in 1973, she was divorced in 1992 in order to marry her current husband, Commander Timothy Lawrence. Prince Charles, then 33, married Diana Spencer, 20, in 1981, and their divorce was announced in 1996.

She died in a car crash in Paris in 1997. Prince Andrew, then 26, and Sarah Ferguson, also 26, were wed in

1986 and divorced in 1996.

The newly affianced couple strolled hand in hand in the gardens of St. James's Palace on Wednesday, showing off her Asprey Garrard diamond engagement ring and bantering with reporters pressing the prince on why he waited so long to propose. "It's impossible for anyone else to understand why it has taken me this long," he said, "but I don't think it would have been right before."

Of the moment when just before Christmas the prince asked her to marry him, Miss Rhys-Jones said, "I was slightly stunned for a minute, then I realized I should answer the question. I said, 'Yes, yes please.'"

Both would continue their jobs. "Business as usual," Miss Rhys-Jones said. "And he will try to continue to be just Edward Windsor, formerly known as Prince."

POLITICAL NOTES

Blair Visits Pretoria

PRETORIA — Prime Minister Tony Blair of Britain began a four-day visit to South Africa on Wednesday during which he hopes to enlist President Nelson Mandela's help in ending a diplomatic stalemate with Libya over the 1988 Lockerbie bombing.

Mr. Blair was greeted at the Waterkloof air force base near Pretoria by Aziz Pahad, deputy foreign minister.

Mr. Blair and Mr. Mandela are to meet Thursday. The British leader will also have dinner Wednesday with Deputy President Thabo Mbeki, who is likely to become president when Mr. Mandela retires this year.

Mr. Blair hopes to persuade Mr. Mandela to use his influence with Moammar Gadhafi to hand over two Libyans charged in the 1988 bombing of Pan Am Flight 103 over Lockerbie, Scotland, that killed 270. (Reuters)

Algeria Rebels Slain

ALGIERS — Troops have killed 40 of about 100 rebels they have been besieging in an Algerian forest, a local daily newspaper reported Wednesday.

Suit Accuses Castro

PARIS — A lawyer representing a Cuban exile in France filed a complaint Wednesday against Fidel Castro, accusing the Cuban leader of international drug-trafficking, judicial officials said.

Serge Lewisch filed the complaint in Paris courts on behalf of Ileana de la Guardia, the daughter of Colonel Antonio de la Guardia, said the officials. The colonel was executed in 1989 for allegedly smuggling drugs into the United States. (AP)

For the Record

President Alberto Fujimori of Peru replaced 10 cabinet officials, including his economy minister. (Reuters)

Fears of Cuban Lobby Blocked Softer U.S. Policies Toward Isle

By Tim Weiner
New York Times Service

WASHINGTON — Foreign policy experts, Roman Catholic archbishops, the U.S. Chamber of Commerce and senior senators tried hard to push the United States to change its policy toward Cuba significantly.

But President Bill Clinton and his intended successor, Vice President Al Gore, rejected the idea of taking any large steps, or even opening policy toward Cuba to a serious review, because of the political power of the anti-Castro Cuban-American communities of Florida and New Jersey, two crucial electoral states.

The moves they approved, intended to allow more money and perhaps more U.S. goods to flow into Cuba, were modest steps that did not outrage the anti-Castro coalitions.

The steps approved Tuesday included permitting any U.S. resident, not just family members of Cubans, to send payments up to \$1,200 a year to Cuban families; increasing charter passenger flights to and from Cuba, allowing them to serve cities other than Miami and Havana; establishing direct mail service, and allowing the sale of food and agricultural supplies to congressional bodies in Cuba.

"The Democrats are forever dreaming of carrying Florida," said Richard Feinberg, a senior National Security Council

staff member from 1993 to 1996. "The basic presidential calculation on Cuba is that any major change in policy involves short-term political costs."

Two other former senior Clinton administration officials agreed that policy toward Cuba, more than most foreign policy issues, is also a domestic political issue. In this case, policy is shaped by the concerns of rightist Cuban-Americans.

Mr. Clinton and Mr. Gore opposed proposals to create a national bipartisan commission on U.S. policy toward Cuba, one that would have addressed the 37-year-old embargo against the island, preferring that the issue be kept off the national agenda in the coming political season, aides said.

Such a commission had been supported by some of the nation's weightiest former diplomats, such as former Secretary of State Henry Kissinger. Its backers believed it had the potential to bring about far-reaching changes that could have opened up the stagnant political culture of Cuba.

"Clinton at first showed indications he might go along," said Wayne Smith, who was the ranking U.S. diplomat in Havana under Presidents Jimmy Carter and Ronald Reagan and is a leading critic of the embargo. "The right-wing exiles raised hell about it and the administration backed down, and so we get these piddling steps. There isn't much political courage in Washington these days."

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Avoiding a Lengthy Trial

The ceremonial start of President Bill Clinton's impeachment trial has been set. Chief Justice William Rehnquist will swear in the senators as jurors Thursday morning. But the substantive questions as to how the trial will be conducted are still undecided. The reason is that some influential Republicans are blocking the plan of their majority leader, Trent Lott, to move the Senate with appropriate speed toward a verdict that conforms with the public will, the evidence against Mr. Clinton and the national interest.

Mr. Lott's sensible plan for a one-week trial without witnesses leading to an expedited procedural vote has been blocked by opposition from within his own caucus. Insisting on a rigidity that the constitution does not require, conservative Republicans are calling for a prolonged trial with witnesses whose testimony they know will not lead to conviction. Some more moderate Republicans, including Senator Arlen Specter, have also lined up against Mr. Lott.

Mr. Specter has complicated Mr. Lott's work by hyping this as "the trial of all time." It is not that. It is, more properly, an important political and constitutional proceeding that ought to result in a stern condemnation of Mr. Clinton for lying under oath and failing in his duty as guardian of the law. Mr. Lott knows how to get to that goal, but hard-liners have put him and moderate Republicans in a box. If they appear to be soft on Mr. Clinton or to slight

House Republicans, they could face right-wing opposition in their next reelection primaries.

Mr. Lott was to meet with his caucus Wednesday morning, and on Tuesday he looked like a man who was feeling the threat of rebellion. But he is not powerless by any means. The 45 Democrats and a sizable number of Republican moderates will not vote for removal. Figuring out a way to enable that majority to adjourn the trial after two or three weeks and then pass a verdict adds up to the biggest challenge faced by any recent majority leader. Mr. Lott wants to avoid tying up the Senate and the nation in a trial that lasts for months. If he succeeds, he will have made a remarkable transition from the partisanship of his early career to the statesmanship required by these messy days.

Senators sympathetic to Mr. Lott's goal need to help him cope with the difficult assignment of disciplining this irresponsible president in a way that does not harm the country more than it harms Mr. Clinton. The problem of how to run an impeachment trial is bigger than Bill Clinton. The senators need to be bigger than Mr. Clinton has been, too. So far Mr. Lott, the minority leader, Tom Daschle, and their pro-censure allies have measured up. All Mr. Lott's supporters must be tough and steady as the Senate moves beyond the ceremonial details of the trial to planning its schedule and rules.

—THE NEW YORK TIMES

Changed Terrain on Cuba

When the White House endorses the idea of a visit to Havana by the Baltimore Orioles professional baseball team it is clear the ground is starting to shift in U.S. relations with Cuba. After four decades in which Washington successively tried to remove Fidel Castro by invasion, assassination plots and rigid economic isolation, signs are multiplying that the long American siege of Cuba is starting to wind down.

There are good reasons for this welcome change. With the end of the Cold War, Cuba no longer serves as a base for potential Russian military operations against the United States. American business leaders have become increasingly interested in the profit potential of Cuba as it moves toward the post-Castro era. Conservatives have taken up the plea made by Pope John Paul II to ease the American economic embargo for humanitarian reasons. Finally, generational changes in the Cuban-American community have increased the influence of those interested in easing the privations of ordinary Cubans, rather than worsening them in hopes of sparking a popular revolt.

The pity is that the Clinton administration has been hesitant about seiz-

ing this opportunity. The steps it has proposed, including the visit by the Orioles and a return engagement in America by the Cuban national baseball team, fall well short of the change in direction that is now politically sustainable in Washington.

Athletic and cultural exchanges, more charter flights, direct mail service and broader permission for Americans to send food and money to Cuban families are fine. But the White House rejected appeals from prominent Republicans to form a bipartisan national commission on Cuba policy that might have proposed phasing out the embargo and moving toward normal diplomatic relations.

America should be doing all it can to break down the cultural and intellectual isolation of Cuban society through increased tourism, business and cultural and sports contacts. It should be defending human rights by strengthening its diplomatic presence in Havana.

President Bill Clinton must go beyond useful tinkering with an outdated policy. He must lead the way to a more promising approach based on deeper American engagement, not continued isolation.

—THE NEW YORK TIMES

Accountability in Angola

The collapse of Angola is the saddest for following an ambitious rescue effort mounted by the United Nations and others. In the most recent phase of a ghastly decades-long civil war, the United Nations dispatched a mediator and a 1,000-person peace mission. But the mediator has failed to find common ground, and the peace monitors observe but have no mandate to enforce. UN aircraft carrying humanitarian supplies have become targets of the combatants, who apparently see aid as an obstacle to the victory both sides have set above conciliation.

What has been lost in these most-damaged societies is not simply the capacity to conduct any sort of public policy but also the capacity to receive aid from others and put it to useful purpose. This is the significance of the gross corruption that appears to mark government and rebels alike in Angola. Both put aggrandizement of their wealth and power, by skimming oil and diamond revenues, ahead of humanitarian responsibilities. The corruption does not simply grease the economy, as some say; it sucks the economy dry.

Others must do what they can for the Angolans. But the very formulation of the challenge suggests a lowering of expectations and the anticipation of feeble and diminishing relief. It pushes the intended beneficiaries ever farther beyond the reach of a helping hand, especially when, as in Angola, the

parties prey on civilians and divert aid to their war machines.

The culprit here is not the deterministic surge of waves of ethnic hostility. It is the avarice and ambition of, in the first instance, José Eduardo dos Santos, president of Angola, and Jonas Savimbi, leader of the rebels. They are accountable.

—THE WASHINGTON POST

Other Comment

No Lasting Peace

The MPLA government in Luanda evidently believes it can achieve a military solution to the civil war in Angola. Its confidence in victory seems to derive less from a sober analysis of the military situation than from the hope that the international environment will ultimately weigh in its favor. To be sure, the UN has blamed UNITA for the failure of the peace process, Savimbi must now get along without his former patron Mobutu in Congo Zaire, and the Luanda government has succeeded in sowing discord in UNITA's ranks, leading to some significant defections from Savimbi's camp. But as long as UNITA controls Angola's diamond deposits and can buy weapons on the world market, there is little hope for lasting peace.

—Neue Zürcher Zeitung (Zurich)

Clinton Isn't Ready to Revise His Cuba Policy Fully

By Jim Hoagland

WASHINGTON — In his final days, Fidel Castro endures an appropriate fate: The old revolutionary who once consciously sought to drag two superpowers into nuclear confrontation has become a geopolitical bone. His only importance comes from the energy others put into scrapping over and gnawing at him.

When Secretary of State Madeleine Albright staged a preemptive strike against a full review of America's obsolete and self-defeating Cuba policy this week, her real target was not Mr. Castro. The small opening offered as a substitute for a policy review and drastic change will have marginal or no impact on the entrenched status of the world's last historical Communist dictator.

Don't misunderstand. Mrs. Albright's changes are certainly better than a slap in the face with a wet fish. They are in fact the kind of steps that a bold, innovative president would have taken on Day 1 of Term 2 as a commitment to bringing full change in U.S.-Cuban relations and an end to embargo within his presidency.

President Bill Clinton's mind and boldness were elsewhere. Cuba could wait. Two years after his second inauguration, and almost a full year after the mind-opening visit of Pope John

Paul II to Cuba, Mr. Clinton abruptly announced Tuesday that he would accept Mrs. Albright's recommendation for an easing of restrictions on the flow of mail, money and travelers to the Caribbean island.

This quarter-loaf fell out of the oven between two more ambitious efforts to question the U.S. embargo on Cuba. Mr. Clinton's plan was clearly influenced, if not triggered, by them.

Also figuring in the timing mix is a tentatively scheduled trip to and speeches in Florida by Mrs. Albright. Such is the importance of appearance, and of the short run, in policy-making in the administration of the ninth American president Mr. Castro has bedeviled.

Mr. Clinton and Mrs. Albright seem unwilling to accept the political costs for Al Gore in Florida and New Jersey of understanding that Mr. Castro today is weak enough to be negotiated out of the door of power. Mr. Castro is a relic of another era and another battle.

In the 1962 missile crisis, he brought the United States and the Soviet Union to the edge of nuclear war and actually pushed Moscow to respond with atomic rockets to the U.S. landing on Cuba.

he thought imminent. Today he is an anachronism in what has become the decade-long aftermath of the Cold War.

The full-loaf effort led by Senator John Warner, Republican of Virginia, and other conservatives to have Congress and the White House empower a national commission to review and revise U.S. policy toward Cuba is the right idea at the right time.

Mr. Warner has made no secret of his view that the commission would be looking at drastically revising or ending the 37-year U.S. trade embargo. He has eloquently described the costs to U.S. foreign policy of a mindlessly enforced embargo that serves little purpose. It merely gives Mr. Castro an external excuse for the glaring failures of his regime and intensifies friction between Washington and its most important allies.

"We allow food and medicine to get into North Korea. We allow food and medicine to get into Iraq. And we still deny this tiny country basic things," Mr. Warner said of Cuba, correctly calling Clinton's decision to preempt the commission "a missed opportunity."

Administration officials say they doubt that the Warner approach would prevail in the Senate and bring the

changes in the Helms-Burton law and other legislation needed to end the embargo.

"We did not want to use up political capital in naming a commission that would probably not be effective," said one State Department official. "We felt it was more realistic to split the difference. We felt it was not a time to go through a major self-examination on this."

But the administration did even less than the half-loaf approach urged on it by a Council on Foreign Relations report by Bernard Aronson and William Rogers, former State Department officials, emphasizes the importance of opening Cuba to U.S. market forces. They also hold out the possibility of military-to-military contacts and U.S.-Cuban cooperation in the war on drugs.

The real message that comes from Mr. Clinton's tiny steps is that he is still not prepared to exercise leadership on Cuba as he and Castro faded into the sunset. Mr. Warner should not abandon his idea of a national commission simply because this lame-duck president demurs. Americans have become accustomed to leadership on vital topics coming from outside this politically gutless White House.

The Washington Post

Putting on a Brave Face, the U.S. Welcomes the Euro

By William Pfaff

PARIS — The successful launch of the European single currency, the euro, has brought two kinds of American comment, both of which fail to grasp one essential point, which is that the euro exists not to Americanize the European economy, but to prevent its Americanization.

American comment has mainly assumed the contrary. Conservatives congratulate Europeans on catching up with the United States. Liberals warn Europeans against the dangers of the U.S. model. Both misunderstand what the euro is all about.

The official U.S. position was expressed by Robert Rubin, the Treasury secretary, saying that "what's good for Europe is good for us, and a strong Europe is good for America. American companies will benefit. Trans-Atlantic trade will strengthen. This argument is politically necessary — Washington can scarcely come out against the euro — and is meant to reassure U.S. businessmen and politicians."

There is in this, however, an element of whistling in the wind.

Most U.S. officials and commentators would acknowledge that in the short and medium term the euro is a risk for the United States. The new currency not only challenges dollar dominance internationally, but could produce inflationary pressures in the United States by weakening the dollar's value and raising the costs of U.S. imports.

Lester Thurow of the Massachusetts Institute of Technology has warned that among other unpleasant consequences for the American economy, a run on the dollar might develop, provoked by euro strength.

The second comment offered by Americans comes from liberals who warn Europeans not to let Europe be made over on the American capitalist model. The former labor secretary in the first Clinton administration, Robert Reich, wrote in *The Observer* newspaper of London last week:

"The euro is a big step toward the Americanization of the European economy." He went on: "That may be a big step backward from the kind of society the center-left values."

He interprets what some European bankers and politicians say about the euro as evidence that European monetary reformers are trying to create a European business system resembling the stockholder-beholden, downsized, low-security, high-mobility American corporate model.

It is true that some European corporate executives and bankers talk as if they want the European economy's Americanization. But most of them would concede that they are not going to get it.

They understand something which Americans by and large do not. The new European currency has been established to protect the European social model, and European industrial

and technological sovereignty, against American competitive pressures, and to protect the particular characteristics and values that set European society off from American society.

While the idea of a single European currency has been discussed for a long time, today's single currency owes most to Helmut Kohl, Valéry Giscard d'Estaing, the former French president, and Helmut Schmidt, who was Germany's chancellor during the period in the 1970s when Mr. Giscard d'Estaing was in office.

The latter two pushed the European Community to set up a monetary system linking national currencies in a so-called "snake," and to create the common European currency unit, the "Ecu," which was the predecessor of the euro. Mr. Kohl, during the past decade, when he was Europe's most prominent political figure, led the drive to turn the Ecu into a real currency, replacing the national currencies of 11 separate countries.

They are from a different intellectual, and one might even say moral, tradition, in that they defend the European social model of "solidarity," inclusive health and pension systems, worker representation, and activist government.

This is the tradition from which the euro has come. The 11 "Euroland" nations obviously intend their new currency to promote industrial efficiencies and the reform of dysfunctional or irrelevant social policies in their countries. But they are not looking for an Americanization of the European economy.

They want the single currency, industrial integration, opened frontiers, and the single Europe-wide market to provide them with industrial and economic weight and influence to better compete with the United States. The purpose of this is to defend their model of society, not to renounce it.

International Herald Tribune, Los Angeles Times Syndicate

The Clinton Affair: Some Well-Chosen Words From Dr. Seuss

By James K. Glasman

WASHINGTON — "I think it would be unseemly and distracting," said Senator Slade Gorton, Republican of Washington, on "Meet the Press" Sunday, "for the president to address to Congress while he was under trial in the Senate."

Senator Robert Torricelli, Democrat of New Jersey, agreed: "It's inappropriate."

Good point, too, for the president to hold a rousing pep rally at the White House with his allies from the House on the afternoon of the impeachment vote. The appropriate response to impeachment is not brassy defiance but silence, contemplation, shame and departure.

Seemliness is not Bill Clinton's strong suit; he is largely

oblivious to the moral, as opposed to the sentimental, dimension. And so, he reads the polls, rallies the troops and says:

Instead, he should heed the advice of "Marvin K. Mooney, Will You Please Go Now?" — the wonderful 1972 Dr. Seuss book for toddlers.

The time has come.
The time is now.
Just go. Go. Go!
I don't care how.

But William Jefferson Clinton will not go. So, for the time being, anyway, we are left with trying to divine the lessons of the scandal, obscured as they have been by so much blather and posturing on both sides.

The independent counsel law, which comes up for re-

newal this year, should be repealed. It gives far too much power to an unsupervised extragovernmental official, and it is unnecessary.

In this investigation, Americans got a taste of what a federal prosecutor — not just an independent counsel but a normal U.S. attorney — does in pursuit of a suspect, and it isn't pretty.

Mr. Clinton did not receive especially harsh treatment. To the contrary: When the feds decide to go after someone, they come down hard. The cost is millions of dollars in lawyers' fees and thousands of hours lost in proving innocence. It is time to review laws that grant prosecutors that much power.

What was offensive in this

case was that the events that precipitated this super-aggressive legal pursuit were consensual sexual acts. Americans properly draw a line between how people behave in private and the power of government to do something about it.

There is a delicious irony in the fact that Mr. Clinton would never have been impeached were it not for a broadening of harassment law that his own administration strongly supported — allowing lawyers to grill accused men about their sexual histories in unrelated cases.

Years after she claimed Mr. Clinton dropped his trousers in a hotel room, Paula Jones was able to sue the president and get a judge to permit questions about other extramarital activity. To stop this dangerous nonsense, the scope of Title VII sexual harassment law needs to be strictly limited.

"In backing Starr's witch hunt," Richard Lacayo wrote in *Time* magazine, "conservatives fell in love with Big Government. For them, government interference with private economic behavior remains a bad thing, but regulation of other kinds of private behavior, chiefly meaning sex, is something America needs more of."

This was also the thrust of a piece by Adam Wolfson in the current issue of the *Journal of Public Interest*, "What Remains of Toleration?"

Mr. Wolfson, like many con-

servatives, takes an alarmist view of the spread of tolerance in America. He points out that even John Stuart Mill, that patron saint of liberalism, while approving of "individual spontaneity," also believed that "moral vices" are "fit objects of moral reprobation."

That brings us back to Mr. Clinton. The three lessons I cite above seem to argue in his favor, and if I were a senator I would probably vote to acquit. Still, I want him to go, and if he were a decent man he would resign.

What to do? I like Mill's remedy: moral reprobation. Let's try scorn, derision, ostracism, a refusal to listen to his State of the Union speech or to join him on the White House lawn.

The trouble with censure that Mr. Clinton has framed it as vindication. The trouble with conviction is that the punishment does not quite fit the crime.

The only answer is resignation. By his actions — the sex, the lying, the obfuscation — Mr. Clinton has stained the presidency. Not only can the nation live without him, it will be better for his departure. In the immortal words of Dr. Seuss:

You can go by foot.
You can go by cow.
Marvin K. Mooney,
Will you please go now!

The writer, a fellow at the American Enterprise Institute, contributed this comment to *The Washington Post*.

Dealing With Asia's Mass Murderers

By Phyllis Hwang

TAIPEI — The "bouquet of flowers" that Prime Minister Hun Sen of Cambodia offered recently to the Khmer Rouge leaders Khieu Samphan and Nuon Chea confirms that government and military officials — especially in Asia — can still get away with murder, genocide and other crimes against humanity.

Under the Khmer Rouge regime from 1975 to 1979, an estimated 1.7 million Cambodians or more were executed or died from overwork, disease, and starvation. Backpeddling on his earlier promises to cooperate with the United Nations in establishing a tribunal to prosecute the members of the Khmer Rouge responsible for the atrocities, Mr. Hun Sen spoke of burying the past and looking toward the future in the interests of national stability. Only after strong protests from the international community and some leading figures and human rights groups in Cambodia itself did he talk once more of bringing Khmer Rouge leaders to justice.

The soft approach preferred by Mr. Hun Sen is echoed in other parts of Asia. In Taiwan, the government has provided compensation for the tens of thousands who were killed or imprisoned during 38 years of martial law and the massacre of Taiwanese that preceded it on Feb. 28, 1947. But as for prosecuting officials who ordered or committed these crimes, the government urges a policy of forgive and forget. When Peng Meng-chi, an official responsi-

ble for many deaths in this black period of history, died last year, senior government representatives, including President Lee Teng-hui, attended his funeral to praise him for his "great contributions" to the country.

The "comfort women" in Taiwan, China, South Korea, the Philippines and other parts of Asia — who were forced into prostitution by the Japanese Army in World War II — have faced even greater obstacles in trying to get an official apology or compensation from Japan for subjecting them to rape and sexual slavery. Recently, a Tokyo court refused to grant compensation to 46 Filipino comfort women. Criminal prosecution for these crimes against humanity appears to be out of the question.

Dealing with the human rights abuses of past regimes is a thorny one, particularly for developing countries. Around the world, different governments have experimented with truth commissions, amnesty laws, presidential pardons and lustration. There are no right answers that suit every country. But there are certainly some wrong ones.

Politicians who preach the appealing vision of a "bannanous" society in which victims live side by side with their abusers cannot be trusted to guide their nation toward a peaceful or democratic future. Those who equate enforcing criminal law with revenge have no respect for the rule of law or hu-

man rights. When a government abdicates its responsibilities to punish violations of human rights, the international community should step in.

Last summer, 120 governments voted in Rome to adopt the setting up an international criminal court. It will be able to prosecute individuals who commit genocide, war crimes, or crimes against humanity in the future, should their own governments prove unwilling or unable to do so. However, the court's ability to exercise jurisdiction is premised on the acceptance of the statute either by the state on whose territory the crimes were committed or the country of which the accused is a national.

In Asia, where the court is needed all the more because of the absence of a regional human rights agency, the prospects for its acceptance appear dim. Although close to 70 states have signed the Rome statute, only two of the signatories — Australia and New Zealand — are from the Asia-Pacific region.

By working with Asian governments to seek justice for past and present human rights abuses and to secure ratification of the statute to set up the international criminal court, the United Nations could help to break the cycle of impunity that aids and abets authoritarian rule and misgovernment in Asia.

The writer, counsel to the Taiwan Association for Human Rights, contributed this comment to the *International Herald Tribune*.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Trade Discord

LONDON — Further correspondence with the French Government respecting the injury to British trade in Madagascar was issued. The natives have been intimidated into buying French goods only, and even for these they must resort to specified French traders. Heavy import duties have been imposed on manufactured goods, and no coasting vessels are allowed to trade with the people except those flying the French flag. Upon all these points Lord Salisbury has addressed strong remonstrances to the French Government and has so far succeeded in securing the revocation of the last grievance.

1924: Beer Is No Cure

WASHINGTON — The right of physicians to prescribe beer for their patients was denied in a brief filed by the government

with the Supreme Court. Defending the constitutionality of the Willis-Campbell anti-beer law, the Government's brief declared that beer has no medicinal value and its prohibition under physicians' prescriptions is necessary to enforce national prohibition.

1949: Taxing Women

LAGOS, Nigeria, British West Africa — Lapido Ademola II, seventy-three-year-old Alake (Chief) of Abeokuta, has abdicated in a dispute with his people over taxing women. The Alake announced that he has decided to retire into private life in view of continued unrest in his southern Nigerian kingdom. Taxing of women to bolster the finances of Abeokuta (meaning Under the Rocks) caused rioting. Popular agitation against his rule failed to die down as the Alake had hoped. He had been ruler for twenty-eight years.

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OPINION/LETTERS

In-Control Mrs. Dole, The Ideal Un-Clinton

By Maureen Dowd

WASHINGTON — In politics as in romance, you often crave the complete opposite of your last relationship.

Bill Clinton is undisciplined, unruly and untoward. His bawdy appetites and reckless indulgences have been sloshing over into our lives for what seems like an eternity.

So once our tortured involvement with this president ends, once all those confessions and apologies and late arrivals and extra toppings and all-night cramming sessions are no longer our concern, what sort of president will we Americans want next?

A control freak, of course. Someone who is all discipline and no spontaneity. All trust and no lust. Someone who knows how to dot the i's, go by the letter, follow the script, keep every hair in place and every button buttoned. After President McMurphy, we will want Nurse Ratched. And now she wants us. We have been too long without adult supervision. Elizabeth Dole is turning in her crisp Red Cross uniform to our needs.

She is perfect. Not only because she would bring along Bob Dole, the first first lady to be a Viagra spokesman. Not only because the election may now feature, in a bit of perverse nostalgia, a Bush-Dole

ticket. Not only because her aides ironed the Magnolia skirts to perfection before she stepped in front of the cameras.

She is perfect because she has not said or done anything off-the-cuff in several decades. Those who traveled with her in '96, when her husband was the monosyllabic candidate and she was the smiling spouse, said she delivered the same stumpy speech several times a day, pause for pause and chuckle for chuckle.

"It was eerie," said one Bob Dole supporter. "She was just like a Stepford wife at the podium. You expected a spring to jump out of her mouth any minute."

She prepares and rehearses and memorizes exhaustively from Yellow Pages-sized briefing books, so that she can drop the name of the local mayor or ball team in a deceptively breezy way.

She is so fastidious that a prized possession is a ballpoint pen with a flashlight on the end so that, when she wakes up in the night with organizational inspirations, she can jot them down.

One of the first women to graduate from Harvard Law School, she drives herself hard, and her staff crazy. She is a tree, rather than a forest.



By Henry in the Lumber Zone (Singapore), CAW Syndicate.

kind of gal, who obsesses on details and brooks no imperfections.

During the '96 campaign, when I asked an aide to Mr. Dole whether husband or wife got more upset by bad press coverage, the aide replied wife. "Both think in terms of a one-day gaffe in the newspaper," he said. "Elizabeth thinks in terms of Nexis."

Even the informality of her nickname ruffles her. When Lesley Stahl of CBS called her "Liddy" during a "60 Minutes" interview in '96, the Republican nominee's wife icily corrected, "Elizabeth, Lesley."

She has never been elected to office. One of her big accomplishments is the Liddy light. Not the one on her pen, but the brake light in cars

back windows where those wobbly-headed dolls used to sit—a safety feature instituted when she was President Ronald Reagan's transportation secretary.

But she is the un-Clinton, the perfect antidote to the most undisciplined president in history. She proved that in two memorable appearances during her husband's last presidential campaign.

There was that scary performance at the Republican Convention in San Diego when she played an Oprah dominatrix, striding into the audience with a seamless smile and wireless microphone, which she tended to snatch back whenever any of the people giving tribute to Bob Dole threatened to make an unscripted comment.

She was so tightly wound when she appeared with her husband on the Larry King show, you could almost hear her teeth grinding. As her husband rambled, with not much to say and not many syllables to say it, she jumped in with that good old Nancy Reagan ventriloquist flair.

Elizabeth patted Bob's arm firmly, interrupted him to answer questions, finished sentences for him, reminded him of his comments, cut him off mid-thought with "That's it!" She was so robotically on message that she actually referred to her husband as Bob Dole.

Nurse Ratched for president. It's about time our cuckoo's nest got a good tidying up.

The New York Times.

Trekking Through the Renoirs And Longing to Sit for a While

By Peter Friedman

NEW YORK — Why do so many museums offer such meager seating? Most provide just a scattering of backless benches, often facing a blank wall, with the only comfortable seats tantalizingly roped off as exhibits for visitors to admire but not sit on.

We take in almost every other art form while seated — ballet, music, theater, movies, literature. Only in museums must we gener-

ally stand while viewing, which, more than anything else, may account for our ambivalence about visiting them.

In museums where I stand most of the time, the paintings soon become the visual equivalents of sound bites. I miss the details and any personal associations, which require unhurried viewing under restful conditions.

Beverly Serrell, an exhibition consultant who has done tracking-and-timing studies of museum-goers, found that most visitors spend no more than 10 seconds at a work and another 10 seconds reading the label. If they are anything like me, they are trying to take in as much art as possible before succumbing to museum fatigue.

Besides sensory overload, two other features of museum visits, standing still and walking very slowly, promote fatigue. R. McNeill Alexander, a professor of zoology at Leeds University, reports in *Scientific American* that all mammals the size of a house cat or larger have a like relationship of their stride length to leg length. For any given leg length, we can calculate a "normal," or most energy-efficient stride.

If we walked through museums at our natural stride, however, we would not see much of the art. So we compromise, walking too slowly to avoid fatigue, yet too quickly to take in the art satisfactorily.

We come away from museum visits with merely an assortment of visual bites — a Dali watch, a Renoir breast, a Van Eyck dog — and we soon forget most of those. They never had a chance to enter our long-term memory.

Learning theorists say that paying attention — reflecting on the material and forming associations to it — is what causes information to move from short-term to long-term memory. To reflect on and form associations to a work of art, however, we need to spend time with it under relaxed conditions. Most museums make that impossible.

Yet, the Musée d'Orsay in Paris, home of the world's largest Impressionist collection, has shown that it is feasible.

Although accommodating vast crowds, the Musée d'Orsay provides abundant, comfortable seating in wide wicker armchairs with backs that curve gently downward as if molded to the spine.

On one visit, I started out sitting in front of Whistler's portrait of his mother. After a while I moved to a second chair, looking

toward several Caillebottes. From there, I proceeded through the museum, viewing much of its collection while seated. Manet and Monet, Pissarro and Renoir, Cézanne, Sisleys, Van Goghs, Courbets, and others.

"It seems to me," wrote Rainer Maria Rilke, in "Letters On Cézanne," "that the 'ultimate intuitions and insights' will only approach one who lives in his work and remains there." Doesn't this also apply to "living" in the works of others, when visiting a museum? If we are seated comfortably, we may see things in the paintings that we would have missed were we simply walking from one to the next.

Sitting in the Musée d'Orsay, viewing a room of Pissarros, Sisleys, and Morisots, I am struck by the relative lackluster of the Pissarros, as if they were seen through a dirty window, while the Sisleys and Morisots look

clearer, more luminous, as if the window-washer had already come. Contemplating Caillebotte's "Raboteurs de Parquet," I reflect on the time and effort required to scrape and plane a floor in the age before power tools, and I am glad that the planers at least had a bottle of red wine with them.

Whether my associations are deep or superficial, they increase my enjoyment of the paintings and help me to recall them later on.

"The more we talk of work," observed the author Ray Bradbury in "Zen in the Art of Writing," "the closer we come to relaxation." Seated viewers, paradoxically, tend to become more active viewers, resembling readers who engage the material with their own experience and imagination. Standing viewers remain more passive, like television watchers flipping channels, waiting for something to catch their interest.

Of course, museums want to move people along quickly, to maximize turnover and revenue. As a compromise, though, museums might adopt a two-tier system: continuing to offer minimal seating at their special exhibitions, which draw the large crowds that contribute needed funds, but providing more adequate seating at their permanent collections.

Certainly, I will go on visiting museums, even knowing in that I will soon grow fatigued. Only in the Musée d'Orsay do I always feel reluctant to depart. To me there is something refreshing about a museum in which I stand up to leave.

Mr. Friedman teaches writing at the New School for Social Research in New York. He contributed this comment to the *International Herald Tribune*.

LETTERS TO THE EDITOR

Unilateral Sanctions

Regarding "An Epidemic of Sanctions? It's Pure Nonsense" (Opinion, Dec. 16) by Jesse Helms:

Mr. Helms, chairman of the U.S. Senate Foreign Relations Committee, criticizes "a handful of Washington business lobbyists" for misleading the world about the extent of U.S. reliance on unilateral sanctions and their effectiveness. Unfortunately, he has chosen to overlook the groundswell of expert opinion that is questioning the wisdom of U.S. sanctions policy.

In the last two years, more than 30 studies of unilateral sanctions have been issued by well-respected research organizations of all political persuasions, trade groups and governmental

organizations such as the International Trade Commission and the President's Export Council. The president's council noted 75 countries subject to some form of U.S. sanction in 1997.

All of these studies share a common theme: U.S. unilateral trade sanctions have been overused by Congress and the executive branch, are ineffective and often end up hurting U.S. interests more than the target country.

Human rights and religious organizations, including the National Council of Churches, have spoken out against the widespread use of sanctions. They recognize not only that sanctions are ineffective but also that they usually hurt the most vulnerable members of society.

The United States needs to come to terms with the fact that when it acts alone to cut off trade and investment, other nations are happy to take its place. There are better ways to accomplish common objectives than by imposing economic restrictions whose most significant effect is to hurt American business and workers.

FRANK D. KITTREDGE, Washington.

The writer is chairman of the National Foreign Trade Council.

The Euro and Sovereignty

Regarding "E-Day for Europe: Euro Debuts in 11 Nations" (Dec. 31):

The writer contends that the euro represents "the biggest transfer of sov-

ereignty since the creation of the Common Market in 1957." The principle of supranationality, the political basis of the European Union, involves the combining of sovereignty. Nothing is lost. In fact, the 11 states participating in the euro have each gained in sovereignty.

All of them — including formerly inflation-ridden Spain, Portugal and Italy — have stronger economies through following healthy rules of monetary discipline. They have jointly achieved an increase in political power. The EU countries that have remained outside — Britain, Denmark, Greece and Sweden — have lost some of their sovereignty; decisions affecting them will be made without them.

DAVID H. PRICE, Brussels.

BOOKS

THE CLEFT

And Other Odd Tales

By Gahan Wilson. 333 pages. \$23.95. Tor.

Reviewed by Paul Di Filippo.

MORIBID memento. Tender cruelties. Risible fatalities. Sincere hypocrisies. Of such oxymorons is the art of the famed cartoonist Gahan Wilson made. Since the 1950s, Wilson has proudly carried aloft the moldering, web-festooned banner first hoisted by Charles Addams. His fertile dementia inexhaustible, Wilson — in one single-panel cartoon after another in publications as diverse as *Playboy* and *Paris Match* — has deployed for macabre laughs his reliable troupe of thickly drawn, bobby actors: cadavers and salesmen, monsters and spouses, aliens and politicians, mummies and generals, psychopaths and children. (Not that these pairings haven't necessarily been, in certain cases, united in the same character.)

Merely to recite the setup of certain cartoons brings them vividly to mind. A life-size housewife puppet, manipulated offstage by a slavering creature, inviting a door-to-door peddler inside. A pair of legs protruding from beneath a steamship, pocked spheroid embedded in a sidewalk while a phlegmatic wife tells a cop, "Harry always thought a meteorite was going to get him." An apartment in a tornado-struck shambles, with a woman cowering behind an overturned chair and a tiny parakeet glaring menacingly at her from its vantage point atop some broken furniture.

But well-known as Wilson is for such images, too few people are aware of his literary side. For many years he has been a reviewer of horror and fantasy tales, proving himself astoundingly erudite, the kind of fellow who has actually read such Victorian icons as Oliver Onions and Sheridan Le Fanu. On top of this, Wilson also produces fiction, mystery novels for adults and a series of children's books. And now that a beguilingly horrifying com-

pendium of his short fiction has become available, there is no excuse for the legions of Wilson's fans not to examine and enjoy this flip side to his career.

The title story of "The Cleft" is original to the book. As standard-bearer, "The Cleft" is rather anomalous. A kind of mordant Biercean allegory of the human tendency to complicate life unnecessarily and to become blind to its underlying simplicity, "The Cleft" works admirably. But its charms are distinct from those of most of its companions.

Wilson's stories fall into several groupings. The slightest ones, often the oldest, are effective, if one-note, prose cartoons.

"Phyllis" tells of a bar girl who lures men back to her apartment to meet a particularly odious roommate. "Mister Ice Cold" features that dreaded archetype, the nasty ice-cream vendor. "Traps" details the pitfalls of the extermination business. "M-1" offers a Hollywood-derived enigma for the ages. And "The Book" illustrates how one may rid oneself of a curse through sly retailing practices. None of these dwellings on its way to a zestfully gruesome punch line, however, and all deliver a kick.

Wilson ventures into science-fictional territory once or twice, notably with the wry "The Manuscript of Dr. Amnesia" and the erotic "It Twined Round Thee in Joy." The former depicts the very slow commencement of a hubristic scientist, while the latter explores the wiles of an amorous Martian pilot. Three stories mine a Bradbury lode: small town, small kids, big terrors. "Yesterday's Witch" proves that Halloween is not the wisest time to visit the local hermit woman. "The Marble Boy" admonishes us not to bring home souvenirs from the graveyard. And "A Gift of the Gods" warns us not to do just any old fur suit we might encounter. This last piece is one of the collection's gems, beautifully evoking in a small space the frissons associated with a wilderness outside society's strictures, as well as the secret competition between adults and children to control those unholy joys.

Despite his familiarity with the classic supernatural tales, Wilson is not an antiquarian writer such as M.R. James or even a parodist such as Edward Gorey. Most of Wilson's uncanny eruptions occur jarringly in the mundane here and now, a trick whereby the stories derive their laughs and power. A few exceptions: the story whose title is a wordless inky blotch, with its English manor house and stiff-upper-lip protagonists; "Sea Gulls," a bit of Agatha Christie crossed with Poe; and "The Power of the Mandarin" with its Sax Rohmer meets Pirandello ambience.

Two stories that flourish despite — perhaps because of — their refusal to explain their enigmas are "Campfire Story," in which a perverse young lad rewrites reality for oo discernable reason, and "Come One, Come All." The latter is the volume's second standout, a post-apocalypse skirmish between the living and the dead couched in terms of the great American carry tradition. The surprise twist in the last few paragraphs will surely provoke first a grunt of shock, then a reluctant chortle, then a hearty belly-laugh from any reader.

Wilson is by no means an overpowering stylist. His prose, ranging from rollicking and rambunctious to slyly understated, is generally more functional than flashy. But he always manages to get the job done economically and aluminously. Reminiscent of Roald Dahl and Saki, Wilson probably most closely resembles Robert Bloch, a fellow traveler who receives an homage in "Them Blacks."

An original full-page illustration by Wilson accompanies each story, and the pictures are top-notch, utterly harmonious with the text. This collection provides more fun than watching Gary Larson arm-wrestle Dean Cain for the favors of the bride of Frankenstein.

Paul Di Filippo, whose story collection "Fractal Paisleys" was nominated for a World Fantasy award, wrote this for *The Washington Post*.

BRIDGE

By Alan Truscott

IN this holiday season, have you received a gift from your computer? In the Life Master Open Pairs, the computer that generates the deals gave East-West a layout that was almost sure to make them delighted with their result.

The great majority of East players opened three diamonds and the South players were split into two groups. One group chose a takeout double, and North decided that his best shot was to defend. After taking two heart winners, South typically shift-

ed to the club queen. East, knowing that the diamonds were on his right, was able to win, finesse the diamond nine, cross to the spade ace and cash the remaining club winner. Then he could lead the heart queen and make his contract for a score of 470 whether or not North ruffed. A spade shift at the third trick complicates matters, but East can survive. East-West were happy with their score, but slightly less happy eventually to find that they were just above average in match-point terms. Another large group of South players overcalled three hearts, as shown in the dia-

gram, and were firmly doubled for penalties. West began with two top clubs and played a third round, ruffed by East. A spade to the ace allowed a fourth club, and East scored another ruff. The defense had five tricks, with two trump tricks to come, but East was endangered. The diamond ace would set up dummy's king for a spade discard, and a spade lead would give South the chance to guess right by playing the jack. However, one sneaky East player led the diamond queen. South ruffed, perhaps expecting a singleton ace to appear from West, and had to lose a

spade trick for down 800. That East-West earned their computer gift.

NORTH
♠ K 9 5
♥ 4 2
♦ A 10 9 3 2
♣ A 1 2

EAST (D)
♠ Q 3 2
♥ 7 3
♦ A Q 7 8 5 4
♣ 10

SOUTH
♠ J 10 8 7 6
♥ A K J 9 5
♦ Q J 10 8 7
♣ A 10 9 8 7 6 5 4 3 2

Neighborhood was vulnerable. The bidding:
East: 1♣, 2♣, 3♣, 4♣, 5♣, 6♣, 7♣, 8♣, 9♣, 10♣, 11♣, 12♣, 13♣, 14♣, 15♣, 16♣, 17♣, 18♣, 19♣, 20♣, 21♣, 22♣, 23♣, 24♣, 25♣, 26♣, 27♣, 28♣, 29♣, 30♣, 31♣, 32♣, 33♣, 34♣, 35♣, 36♣, 37♣, 38♣, 39♣, 40♣, 41♣, 42♣, 43♣, 44♣, 45♣, 46♣, 47♣, 48♣, 49♣, 50♣, 51♣, 52♣, 53♣, 54♣, 55♣, 56♣, 57♣, 58♣, 59♣, 60♣, 61♣, 62♣, 63♣, 64♣, 65♣, 66♣, 67♣, 68♣, 69♣, 70♣, 71♣, 72♣, 73♣, 74♣, 75♣, 76♣, 77♣, 78♣, 79♣, 80♣, 81♣, 82♣, 83♣, 84♣, 85♣, 86♣, 87♣, 88♣, 89♣, 90♣, 91♣, 92♣, 93♣, 94♣, 95♣, 96♣, 97♣, 98♣, 99♣, 100♣.

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TODAY
LEISURE

Are Machines Taking Over? Authors' Evidence Isn't Convincing

By Colin McGinn
New York Times Service

HAS THE invasion already begun? Are the aliens already right under our noses? Are machines, the products of human engineering intelligence, poised to take over the world — or is this an irrational fear, the latest spasm of the Luddite spirit?

Three recent books, all written by experts in computer intelligence, aim to persuade us that the Age of Machines is nigh. We are to be eclipsed by our own technology, ceding our outdated flesh, blood and neural tissue to integrated circuits and their mechanistic progeny. The future belongs to the robots.

All three of these books provide a vivid window on the state of the art in artificial-intelligence research and offer provocative speculations on where we might be heading as the information age advances. Of the three, "The Age of Spiritual Machines," by Ray Kurzweil,

When Computers Exceed Human Intelligence
By Ray Kurzweil. Viking. \$25.95

is the best. It is more detailed, thoughtful, clearly explained and attractively written than "Robot: Mere Machine to Transcendent Mind," by Hans Moravec, and "When Things Start to Think," by Neil Gershenfeld — though all three are creditable efforts at popularization.

Mr. Gershenfeld's breezily chatty book sometimes reads too much like an advertisement for the Media Lab at Massachusetts Institute of Technology, of which he is director. There is much discussion (and not a little hype) of his many achievements in harnessing computer technology to more physical concerns: electronic books, smart shoes,

wearable computers, technologically enhanced cello.

Mr. Moravec's book is more intellectually adventurous and free with confident futuristic speculation. He envisages autonomous robot-run industries that we tax to siphon off their wealth and the gradual replacement of organic humans with mechanical descendants — our "mind children." His vision is of a world in which machines are the next evolutionary step, with organic tissue but a blink in the eye of cosmic history.

Once intelligence is created by natural selection, he says, it will be only a matter of time (a very short one by

Mere Machine to Transcendent Mind
By Hans Moravec
Oxford University Press. \$25

cosmic standards) before the products of intelligence outshine their creators, finally displacing them altogether. But Mr. Moravec is weak in attempts at philosophical discussion of machine consciousness and the nature of mind.

Mr. Kurzweil is more philosophically sensitive, and hence cautious, in his claims for computer consciousness. He develops the same kinds of speculations as Mr. Moravec, but with more of an emphasis on the meaning of such innovations for human life. He has an engaging discussion of the future of virtual sex once the technology includes realistic haptic simulations (what other

By Neil Gershenfeld
Henry Holt & Company. \$25

bodies feel like to touch); here he envisages the eventual triumph of the virtual over the real. This is a book for computer enthusiasts, science-fiction writers in search of cutting-edge themes and anyone who wonders where human technology is going next.

But the question must be asked: How seriously are we to take all this breathless compuhype? Will the 21st century really see machines acquire mentality?

There is naturally a lot of talk in these books about the possibility of machines duplicating the operations of the human mind. But it is vital to separate two questions that the authors often run to-

gether: Can machines duplicate the external intelligent behavior of humans? And can machines duplicate the inner subjective experience of people? Call these the questions of outside and inside duplication.

What is known as the Turing test, says, in effect, that if a machine can mimic the outside of a human, then it has thereby replicated the inside: If it behaves like a human with a mind, it has a mind. All three authors are partial to the Turing test, equating the simulation of external manifestations of mind with the reality of mind itself. However, the Turing test is seriously flawed as a criterion of mentality.

For one thing, it is just an application of the doctrine of behaviorism, the view that minds reduce to bodily motions; and behaviorism has long since been abandoned, even by psychologists. Behavior is just the evidence for mind in others, not its nature. This is why you can act as if you are in pain and not really be in pain — you are just pretending.

In addition, to know whether we can construct a machine that is conscious, we need to know what makes us conscious, for only then can we determine whether the actual basis of consciousness can occur in an inorganic system. But we simply don't know what makes organic brains conscious.

MY HUNCH is that it is something about specifically organic tissue that is responsible for consciousness, since this seems to be the way nature has chosen to engineer consciousness; but that can only be a guess, in view of our deep ignorance of the roots of consciousness in the brain. In any case, lacking insight into the basis of consciousness, it is futile to ask whether a machine could have what it takes to generate consciousness.

Passing the Turing test is therefore no proof of machine consciousness: Outside duplication does not guarantee inside duplication. This bears strongly on a practical suggestion of Mr. Kurzweil — that during the course of the 21st century we might decide to "upload" ourselves into a suitable computing machine as a way of extending our lives and acquiring a more robust physical constitution. Let us suppose that the machine you choose to upload into passes the Turing test; it had better, or else you would not wish to inhabit it.

Colin McGinn, a professor of philosophy at Rutgers University, is the author of "Ethics, Evil and Fiction" and "The Mysterious Flame: Conscious Minds in a Material World," to be published this spring. He reviewed these books for The New York Times.

SITES

A list of recent books about technology that were reviewed by The New York Times, listed by author and linked to the original review, is at:

search.nytimes.com/books/specials/digital.html

Registration at the site is required.



Three of the rare books that Octavo offers on CD-ROM include works by Chaucer, Shakespeare and Vesalius.

Dusty Old Books Could Be the Next Great Multimedia Product

By Michael Joseph Gross
New York Times Service

OCTAVO, a company that puts rare books onto CD-ROMs, avoids the sound and fury of QuickTime movies, computer animation and musical scores. Instead, lush printed pages are the bells and whistles of Octavo's elegant, searchable, printable, magnifiable renderings of first editions by Milton, Shakespeare, Copernicus and other masters of the printed medium.

With those kinds of authors, Octavo CD-ROMs do not need any multimedia googaws to capture the interest of their readers, said Patrick Ames, chief executive of the Palo Alto, California, company. The format is practical, too.

"You can play with it, print it out, spill coffee on it, print it out again," Mr. Ames said. "With a real rare book, you have to be extremely careful. It's fragile. You can't really read it."

Since Octavo's founding in late 1997 by an Adobe veteran, John Warnock, and

Mr. Ames, who formerly headed Adobe Systems Inc.'s publishing arm, the company has built a catalog of a dozen titles straddling popular and scholarly markets. These range from the collected works of Geoffrey Chaucer to Robert Hooke's "Micrographia," a lavishly illustrated 17th-century entomological text. They are priced from \$20 to \$75.

The company takes its name from a printing term that refers to a size of paper or a book whose leaves are one-eighth the size of a standard printing sheet.

With the advent of Octavo books, Mr. Ames said, "information wasn't locked in the monasteries or the churches anymore. You could carry it around. Everybody could read it. That's how the Renaissance came."

Octavo's sales, though meager, have doubled every month since February 1998, which marked the arrival in the market of its first product, a first edition of Shakespeare's Sonnets, from Mr. Warnock's personal collection of rare books. The company (octavo.com)

scored a public-relations coup last autumn by having its books chosen to be among Salon magazine's staple giveaway goodies.

The New York Public Library recently granted Octavo exclusive digital rights to its entire collection (an Octavo edition of Alice in Wonderland, with original drawings by Sir John Tenniel, is planned); the Library of Congress, the Huntington Library in San Marino, California, the Library Company of Philadelphia and the National Academy of Sciences have all signed similar deals. Octavo recruits scholars to write introductory essays and commentary for each title and in some cases commissions new translations.

Octavo's technical production process is laborious. Each book is laid in a custom-built cradle, then painstakingly lit to capture all details of the binding, paper texture, ink spread and impressions left by printing apparatus. The books are photographed using a hand-built Better Light digital camera — the kind used by the U.S. space agency for technical analysis and by police departments for criminal forensics work.

led her in turn to an even more passionate narration about the foxing — marks left by fungus or moisture, named for their resemblance to the color of the animal's coat — that marks Octavo's edition of Benjamin Franklin's "Experiments and Observations on Electricity."

The only subject on which Octavo officials are less than articulate is marketing. Nobody at the company really knows who is going to buy their books. Mr. Ames said the disks, which are available at amazon.com and barnesandnoble.com as well as a few independent bookstores, and directly from Octavo's web site are selling to "bibliophiles, librarians, academics and students, professionals and digerati."

But whether this will translate into profit remains to be seen. "Nobody knows what the desires in this market are, because there is no market," Ms. Gringer said. "It's a very difficult position for a company to be in. This is not books, this is not software, this is something else entirely, and that's the problem."

For now, Octavo does its marketing research mostly by surfing the Internet. A Stanford University graduate student in English who works part time at Octavo spends her days looking for Episcopal groups who might buy the company's first edition "Book of Common Prayer" in bulk or Latter-Day Saints who might snap up Joseph Smith's original "Book of Mormon," for instance.

Octavo is considering partnerships with conventional publishers, but Mr. Ames said he was not making serious overtures to the incipient electronic book market. "If our core charter is accessibility and affordability, it's not very smart for us to put a lot of our efforts into that," he said, citing the high prices of electronic books and what he called their "pitiful" screen resolution.

The company's strategy at this point is scatter-shot, driven primarily by the employees' own enthusiasms. "I'm choosing things that I think are fascinating," Ms. Gringer said.

TECHNOLOGY INDEX

Technology stock indexes around the world:

	Tuesday close	Pct. change previous week	Pct. change year to date
North America			
Pacific Exchange Tech	450.95	+1.22	+0.39
S&P Tech Composite	1,180.84	+0.41	+1.08
Europe			
Morgan Stanley Eurotec	634.96	+3.65	+4.01
Asia			
Topix Electric	1,514.54	-1.73	-1.81

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Tech Transfers to China Hurt U.S., Inquiry Finds, Dec. 31-Jan. 1
- Word by Word With the Reading Pen, Dec. 31-Jan. 1
- U.S. Is Ready for the Bug, Jan. 2-3
- Microsoft's Lawyers to Go! Intel's Chief as Trial Resumes, Jan. 2-3
- On-Line Holiday Shopping Soars at AOL, Jan. 5
- Apple Fast Lacks Cheery, for a Change, Jan. 6
- S&P's Report of Profit Slowdown Shocks the Market, Jan. 6
- Vodafone Talks With AirTouch About Merger, Jan. 6
- 2 H.K. Firms Cut Phone Fees, Jan. 6

To reach TribTech editors or to comment on IHT tech coverage, send e-mail to tribtech@ihl.com. International Herald Tribune

CROSSWORD

ACROSS

- Creators of booms
- Life some classical architecture
- Free
- Kind of pricing
- Levi's "Christ Stopped at"
- Midvoyage
- Lowest card in pinhole
- He follows Jay
- Manonette makes Tony
- Some outdoor festivals
- Case in Latin

DOWN

- Loaded
- Turns in
- Bring to light
- Elvis' middle name
- Obstacle
- Duffer's dream
- Look
- It may be missed
- Assaya's measure
- Foiled
- Hoisting apparatus
- Concise, as cards
- Outbursts
- Asylum seeker
- Fall follower

Solution to Puzzle of Jan. 6

ELLS ADAR OMAR
LUAU MERCY MALO
GRILLONES FAMILY
AIRFARE CLAMAYS
REBOU BADEGG
HEB PAS EPIC
REHILL PLODDE
SPACEDONADOBBED
TOR ROAR PETITE
USNG DWA ELL
ANSATE ELOPE
STEPUP ARSENAL
AUTODDYRUSTING
KNOT ROONE TODI
STANE TRUSS OMAR

1 Beach application

2 Trim

3 "Fido's Crossing" playwright Howe

4 Breastbones

5 Amount of sound

6 They're found among the reads

7 Silver and Brown

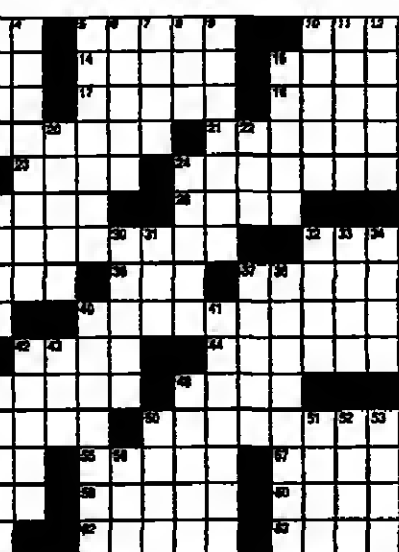
8 Dockworkers' org.

9 Masonry unit

10 Carrier name until 1997

11 Chutzpah

12 Artery problems



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See our
International
Franchises
every Wednesday
in The Intermarket

ALT / Commentary

The Rise and Fall of the Modem King

By Victoria Shannon
International Herald Tribune

PARIS — In a field in which everything is focused on the future, on how fast and smart and cool technology will be in just a couple of months or years — just you wait and see — sometimes we need to pause for a little history lesson.

This one is about a modest-sized company based in the Atlanta suburb of Norcross, Georgia, a business called Hayes Corp. If you're on the Internet, you probably have this company to thank for it: Hayes — or rather, its founder, Dennis Hayes — invented both the personal-computer modem and some of the basic standards that all of today's modems still answer to, according to the company and on-line experts. Even if you've never bought anything from the company, you may know the Hayes name from two distinct places: on the box of the external modem you buy, describing it as "Hayes-compatible," or from the list of modem settings your communications software offers.

On the surface, at least, Hayes's tale appears to debunk at least two clichés: that lightning doesn't strike the same place twice, and that we learn from our mistakes.

But first, a look back. Dennis Hayes, the chronicles tell us, left the Georgia Institute of Technology in the mid-1970s to work at a company called National Data Corp. It was there that he realized the need to make modems that could be configured with software to respond to various orders, such as "answer on first ring." That would be a better way than building those different responses into the hardware, which would require that there be many different kinds of modems.

He and a partner created the first circuit boards imbued with that ideal in 1977 — not in his garage, as legends dictate, but close: on the dining-room table in his home.

HAYES MICROCOMPUTER Products Inc. was founded with a \$5,000 investment in January 1978, and Mr. Hayes went on to become the modem king, far surpassing any rival in sales and having his name forever associated with any modem sold to the masses.

The modem brands by which you may know him today are Optima, Accura, Practical Peripherals and Century. "AT" in your software's initialization string.

Last autumn, the company marked 20 years as a pioneer in two ways: by selling special 20th-anniversary modems signed by Mr. Hayes himself and by filing for bankruptcy-court protection.

Alas, it was the second time in three years that the first

name in modems had had to seek refuge in bankruptcy court. The lightning bolt of financial and management troubles had struck again.

But Hayes is also a case study in yet another maxim: Getting there first or best does not guarantee success. Just look at International Business Machines Corp. (first out with the personal computers that are today's "WinTel" standard). Or Apple Inc. (best, with its Macintosh line). Why does this happen?

Some say the egos of pioneers subsume their better business judgments. Some blame unique intersections of events and circumstances.

In Hayes's case, the company apparently had manufacturing problems and other production snafus that left it in the lurch the first time it filed for bankruptcy protection.

The second time, the company said it was a victim of a cash shortage caused by stagnant sales that had plagued all modem makers in the transition from 33,600 bits-per-second speeds to 56K.

Asia, too, before its recession, was a strong market for Hayes, and its economic collapse reverberated in the company. But Hayes was still the No. 2 seller of modems, behind — though far behind — 3Com's U.S. Robotics. In October, it even introduced a next-generation modem based on the "digital subscriber line" technology that really ramps up Internet transfer speeds.

Can a technology visionary and legend fail and make a comeback — twice? Is there really such a thing as "revenge of the nerds?"

Maybe. Just ask IBM, which is certainly a success despite its forfeiture of control of the PC business. Or ask Apple, which is now riding high after many predictions of its imminent demise. But don't ask Hayes. Its creditors ran out of patience and financing and pulled the plug this week. On Monday, the Hayes business shut down and prepared to liquidate.

Victoria Shannon edits TribTech and can be e-mailed at: tribtech@ihl.com.

SITES

The organization that now sets modem standards is the International Telecommunication Union, found at www.itu.ch. The latest, and last, analog modem standard is called v.90, and everything you ever wanted to know about it is at www.v90.com. For more basic information, an on-line retailer has posted a simple modem dictionary at www.modemshop.com/mdic210.txt.

JPY 100.00

THURSDAY, JANUARY 7, 1999

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Bubble-Resistant Expansion

Stock Slump Wouldn't Endanger Growth, Economists Say

By Louis Uchitelle
New York Times Service

NEW YORK — In all the talk at their annual meeting about the U.S. economy and what keeps it so robust, the nation's economists gave short shrift to one concern — that the soaring stock market might be a speculative bubble that could burst, damaging the economy.

The stock market is neither a principal reason for the economy's strength nor a big threat to the nearly eight-year-long expansion, the economists said in their various sessions at the American Economic Association's three-day meeting, which ended Tuesday, and in interviews.

The majority view was that high stock prices probably reflect not a bubble but the economy's actual strength, although no one said that categorically.

"Is it a bubble?" said N. Gregory Mankiw, a Harvard economist. "If the people here really thought this was a bubble market about to crash, that would have been a big topic of conversation at this meeting."

A bubble, if one exists, raises the odds that stock prices will eventually plunge and extinguish the wealth of millions of shareholders. They will respond by pulling back suddenly on their spending, damaging the economy.

The Asian economic crisis raised concern that the market might be ignoring danger and thus be in bubble territory. The spectacular run-up in the share prices of some high-technology companies also fed talk of a bubble market.

But the bubble talk largely disappeared after the

Federal Reserve cut interest rates three times late last year. That action convinced many on Wall Street — and also many of the economists gathered in Manhattan — that the Fed stood ready to sustain the expansion, and stock prices, by cutting rates again if necessary.

"There is a sense now that if this is a bubble and it bursts, the Fed will lower interest rates and everything will be fine," Mr. Mankiw said. "Many economists have confidence in Alan Greenspan as the Fed's chairman."

In the minds of many economists, the stock market serves mainly as a gauge of the real economy and a stimulus for spending. What accounts much more for the strong economy, in this view, is the happy combination since 1995 of four factors: robust job creation, rising output, falling unemployment and minimal inflation. Usually the first three produce a rise in the fourth, the inflation rate. The Federal Reserve then raises interest rates to subdue inflation by slowing the economy, and the expansion ends or becomes much less vigorous.

This time, inflation has not risen, as it so often did in the past, particularly when the unemployment rate dropped below 5.5 percent. It is now 4.4 percent.

And the reasons? Considerable credit went to "lucky shocks," as Alan Blinder of Princeton University phrased it — falling oil prices, for example, falling import prices, smaller-than-expected increases in health care costs and ever sharper declines in computer prices.

"There is absolutely no reason to predict that these favorable supply shocks will continue over the next year or two," said James Stock of Harvard.



A trader watching the Big Board on Wednesday as stocks soared.

U.S. Stocks Race to Records

With Euro Stabilized, Pension Funds Wash Onto Wall Street

By Mitchell Martin
International Herald Tribune

NEW YORK — The Dow Jones industrial average blasted above 9,500 for the first time Wednesday, buoyed by a resumption of American retirement investments and foreign demand for dollar-denominated securities.

The Dow closed up 233.78 points, or 2.51 percent, at 9,544.97. The broader Standard & Poor's 500-stock index showed a similar gain, rising 27.57 points to a record 1,272.35. The Nasdaq average, reflecting continuing strength in technology stocks, closed up 69.35 points at a record 2,320.62.

Earlier, European markets also rallied, with major indexes showing gains of 1.5 percent to 3 percent. So far this year, the main Continental indexes are up about 8 percent, compared with 3.5 percent for the large-company American barometers and 5.8 percent for the Nasdaq.

Trade Latimer, an independent market analyst in Charlottesville, Virginia, said the January resumption of tax-advantaged retirement investments was a factor in the rise. The increasingly popular 401(k) plans have a \$10,000 annual maximum contribution, a level that many high-income workers surpass in the autumn. Other investors often resume contributing to individual retirement accounts which have a \$2,000 annual maximum, in January, and there are annual bonuses to be reinvested.

"It is primarily the 401(k) and IRA money, but I also think some is coming in from overseas," Ms. Latimer said.

She said the strength of the dollar in the past two days, especially against the new euro, was making

the American market attractive to overseas investors. Some of the "hesitation" in the U.S. market in recent days, she said, "may have come from a pause to see what would happen with the euro."

The fact that it seems to be settling into a stable range against the dollar has allayed some of the concern, she said.

A rise in Treasury bond prices corroborated the idea that foreign money was flowing to Wall Street. As demand for the dollar resumed, U.S. borrowers could pay lower interest rates to entice investors to their bonds. The benchmark 30-year Treasury issue rose 14/32 point to close at 101 4/32, reducing its yield to 5.17 percent from 5.21 percent Tuesday.

Although some big-name personal-care and consumer stocks "were not doing very much," Ms. Latimer said, European stocks listed in the United States were aiding the rally. "There is a lot of takeover rumor activity that involves European companies," she said, specifically in the telecommunications area. American depositary receipts of France Telecom, for example, closed Wednesday at \$88.50, having ended last year at just under \$79.

William Rhodes, a strategist with Merrill Lynch & Co. in Boston, said the strong U.S. economy was encouraging the latest rush of investments but that there were fundamental questions being raised. Merrill has long been concerned about high valuations in the U.S. stock market, with stocks in the S&P 500 index trading at more than 30 times their per-share earnings, far above the level of the mid- to high teens that had been common.

Some of the exuberance in the market, he said.

See MARKET, Page 10

Optimism Waning, Beijing Sets Higher Spending

Compiled by Our Staff From Dispatches

BEIJING — China painted a gloomy picture Wednesday of its economic prospects this year and said it would increase government spending to try to bolster growth.

"The internal and external economic situations in 1999 leave no room for optimism," the Finance Ministry said. Weak demand and the poor performance of state-owned enterprises have "negative implications" for growth, it said.

By spending more on river embankments, irrigation projects, roads and other infrastructure, China hopes to stimulate consumer and industrial demand and stave off the economic malaise that has afflicted the rest of Asia.

To lift lagging exports, tax rebates and preferential incentives for foreign investors' also are to be extended. Such policies could push the 1999 budget deficit above the ministry's initial estimate of 105.3 billion yuan (\$12.72 billion), Finance Minister Xiang Huacheng said.

Beijing will increase sales of Treasury bonds to domestic investors by 13 percent this year, to 316.5 billion yuan, to help pay for the stimulus spending.

China also hoped to offer a sovereign debt issue overseas, following its success with a \$1 billion "Yankee" bond late last year.

"We hope China will have a place in international capital markets and that international investors will become more familiar with China's actual economic situation," Mr. Xiang said.

The ministry's forecast indicates that Beijing will remain the prime mover in the economy this year. Export growth is slowing to zero as much of Asia remains mired in recession, and domestic private investment remains flat.

The Chinese economy was the fastest growing among major world economies last year, at 7.8 percent growth, down from the 8.8 percent rate in 1997. Most economists say the economy will expand 7 percent to 7.5 percent in 1999.

Beijing is struggling to keep the economy on track as unexpected troubles, such as severe floods last summer, place added burdens on state spending while reducing revenue growth.

China has looked to its underdeveloped domestic markets, particularly in rural regions, as potential sources of pent-up demand. But consumers fearful of losing their jobs have been in no mood to spend.

"Conventional consumer goods have lost much of their glamour," the Finance Ministry said, "and the demand for new ones has yet to come. Consumer prices remain low, but people tend to ward saving more than usual."

Financial and monetary measures take time to bear fruit, Mr. Xiang said, but fiscal stimulus will quickly spur the economy. Many of the investments this year, such as in dike rebuilding, will generate only low returns, he said, but it would be difficult to stimulate private consumption and investment in the short term.

The increased deficit indicates Beijing has abandoned plans to balance the budget by 2000. The budget will be balanced "over time," Mr. Xiang said.

The ministry acknowledged that in the long run, China must promote corporate investment and private consumption.

Mr. Xiang said that within the next three to five years, the government hoped to engineer a social welfare system.

"The lack of a social safety net has had a negative impact on consumer sentiment, and construction of such a system is very important for social stability," he said.

Separately, he indicated that Beijing would be interested in holding euros, the new European currency, as part of its reserves, saying that China would not "place all its eggs in one basket."

China's foreign reserves of about \$144 billion, the second largest in the world, are believed to be dominated by dollars, although exact figures are kept secret.

(Reuters, AP, Bloomberg)



A shuttered Beijing mall Wednesday, a sign consumers are spending less.

AirTouch Chief's Vision Puts Firm at Forefront

By Mike Mills
Washington Post Service

WASHINGTON — During the Summer Olympics of 1984, a young telephone executive named Sam Ginn sat in the crowded Los Angeles Coliseum and showed two Japanese businessmen the future: a bulky new \$3,000 mobile phone made by Motorola Inc. From their seats, the businessmen called home to Japan.

The signal called to one of 13 cellular towers that Mr. Ginn had rushed into place throughout Los Angeles just in time for the Games. Owned by the Baby Bell company Pacific Telesis Group Inc., they formed only the second such cellular system in the nation, and Mr. Ginn was hooked.

"I remember sitting in the Coliseum with him and thinking, 'This is a no-brainer business,'" recalled Philip Quigley, a venture-capital executive and former Pacific Telesis chairman who oversaw Mr. Ginn's early cellular plans. "All you had to do was drive the freeways of L.A. to know that the dogs were going to eat this dog food. This was neat stuff."

Today Mr. Ginn has two big dogs eating out of his hand: Bell Atlantic Corp. and the British cellular carrier Vodafone Group PLC, both of which are bidding for the hot company that Mr. Ginn now heads, AirTouch Communications Inc.

Vodafone offered Wednesday to buy AirTouch for about \$54 billion, or \$90 a share, in stock, a source told Bloomberg News, topping a bid by Bell Atlantic Corp. that valued AirTouch at about \$43 billion. Bell Atlantic is unlikely to increase its offer for the world's largest

mobile phone company because it would slash too deeply into earnings, analysts and investors said.

AirTouch shares were at \$79.625, up \$2.125, in late trading Wednesday.

Since its stock-market debut five years ago at \$10 billion in market value, or \$23 a share, AirTouch has come a long way. It now has 8 million customers in the United States and 5 million in 12 other countries.

Mr. Ginn's success is all the more noteworthy considering that he is a 34-year veteran of what was originally the Bell telephone system in the United States, bred not for competition but for the isolated bureaucracy of a regulated monopoly.

As an Alabama native fresh out of Auburn University, Mr. Ginn began shinning up telephone poles for AT&T Corp. in 1960 and never really stopped climbing. He moved to Pacific Telephone & Telegraph Co. in 1978 and took on strategic-planning operations for the company when the so-called Baby Bell regional phone companies were separated from AT&T in 1984.

Rising to the office of chief executive, Mr. Ginn showed great interest in building his wireless division. He moved quickly to snap up cellular systems in California and four other states.

Then he headed to Germany, where PacTel teamed with Mannesmann AG to win the first open competition for a cellular license in Europe. As with U.S. licenses in those days, they got the German license free of charge.

"That was the big kahuna," said Wayne Perry, an executive at NextLink Corp., whose boss, Craig McCaw, lost



Sam Ginn's first job involved climbing telephone poles for AT&T.

out to PacTel in the competition. "Every international deal Ginn has made since pales in comparison to Germany." Other countries in which Mr. Ginn has sealed deals include Portugal, Spain, South Korea and Japan.

Back home, Mr. Ginn was increasingly frustrated that Pacific Telephone's booming cellular systems were being overshadowed on the balance sheet by the dividend-bound, slower-growth traditional phone businesses. He also was impatient with California consumer groups and regulators who wanted to impose rate and service controls on his cellular gold mine.

PacTel's board agreed to spin off its cellular systems into a separate company called AirTouch in 1993. Mr. Ginn surprised outsiders when he announced he would leave the top job at the company to run such an uncertain venture.

"I didn't think Sam had the guts. And I lost a \$5 bet to Craig," Mr. Perry said. "He's clearly a visionary," said Rajendra Singh, whose company, LCC International Inc., helped design many of AirTouch's wireless systems. "He knew where the wireless industry was going and stayed with it."

Obuchi Fears Euro Makes Yen Less Significant

Compiled by Our Staff From Dispatches

TOKYO — Prime Minister Keizo Obuchi arrived in Paris Wednesday to start a week of talks with the leaders of the three largest Continental European economies on promoting greater currency stability through a system of loose trading bands.

In an interview on the eve of the trip, Mr. Obuchi said he was fighting a rear-guard action to help the yen improve its position as an international currency following the launch of the euro, Europe's 11-nation currency.

Mr. Obuchi will propose the creation of a "managed float" currency-trading system in talks with the leaders of France, Italy and Germany. Japanese officials said. Under such a system, exchange rates would be allowed to fluctuate within a range agreed upon by monetary officials of the participating countries.

With its economy at its worst since the end of World War II, Japan is seeking to reduce the currency gyrations that have impeded recovery.

"We are a little bit concerned about Japan's own currency," one Japanese official said before the visit. "Now there are two and a half major currencies, not three."

Mr. Obuchi will also express the Japanese government's stance that the yen's role should be elevated to that of the dollar and the euro in global financial markets.

The stakes are high. Before the introduction of the euro, its 11 component currencies accounted for about 15 percent of world reserves, a little less than the yen.

"With the new common currency, as much as 30 percent of world reserves could be in euros," said Valerie Plagnol, an economist at Credit Commercial de France.

Mr. Obuchi is to meet with President Jacques Chirac of France on Thursday and Prime Minister Lionel Jospin on Friday. He also will hold talks with Prime Minister Massimo D'Alema of Italy and Chancellor Gerhard Schröder of Germany.

(AP, Bloomberg, Reuters)

CURRENCY RATES

Cross Rates									
	\$	£	¥	CS	Dmk	Greek	Swed		
London (a)	1.6563		2.2842	186.48	2.5007	10.5241	468.71	13.12	
New York (a)		1.6551	1.3926	112.90	1.507	6.3395	277.70	7.9253	
Tokyo	111.75	185.02	81.43		73.84	17.63	N.G.	14.01	
Toronto	1.5105	2.5006	1.0822	1.335*		0.3533	0.5439*	0.189	
Zurich	1.3983	0.8355		1.2336*	0.926	21.7381	0.499*	0.175	
One euro	1.1743	0.7076	1.4116	131.42	1.7711	7.4452	324.72	9.265	
One SDR	1.4163	0.8557	1.9368	158.27	2.1526	8.929	389.38	11.3514	
Interbank rates excluding commissions									
* To buy one pound: To buy one dollar: *Par 100 N.G.: not quoted; N.A.: not available.									
S&P: Special drawing rights in the IMF.									
Sources: Bank of Tokyo-Mitsubishi (Tokyo) Royal Bank of Canada (Toronto) Banque de France (Paris) IMF (Washington) Other data from Reuters.									
Euro Values									
Fixed rates of the EMU member currencies, for one euro									
Australian dollar	12.7603								
Belgian franc	40.3399								
Dutch guilder	2.20371								
French franc	6.55957								
German mark	1.93683								
Italian lira	200.482								
Japanese yen	166.386								
Spanish peseta	166.386								
Swiss franc	2.20371								
UK pound	0.79363								
US dollar	1.6554								
Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	0.9994	Hong Kong	212.78	N. Zealand \$	1.8657	S. Korean won	36.34		
Australian \$	1.5642	India, rupee	42.352	N. Irish p. Irish	7.4855	S. Afric. rand	5.2715		
Belgian franc	1.2085	Indo. rupiah	760.0	Philipp. peso	45.19	S. Korea won	114.01		
British pound	0.6275	Israel sh.	4.0204	Phil. peso	24.75	Taiwan \$	5.2919		
Canadian dollar	0.6275	Kuwait sh.	0.2011	Polish zloty	3.45	Thai baht	36.05		
Chinese yuan	8.2793	Laos kip	100.00	Romania. leu	20.07	US dollar	1.0000		
Czech koruna	20.36	Malay, penang	158.25	S. Afric. rand	20.07	Turkish Lira	7.25		
Danish krone	6.46	Malay, penang	158.25	S. Afric. rand	20.07	US dollar	1.0000		
Deutsche mark	1.93683	Malay, penang	158.25	Singapore \$	1.878	Venez. boliv.	6.6252		
French franc	6.55957	Malay, penang	158.25						
Italian lira	200.482	Malay, penang	158.25						
Japanese yen	166.386	Malay, penang	158.25						
South Korean won	200.482	Malay, penang	158.25						
Spanish peseta	166.386	Malay, penang	158.25						
Swiss franc	2.20371	Malay, penang	158.25						
UK pound	0.79363	Malay, penang	158.25						
US dollar	1.6554	Malay, penang	158.25						
Source: Associated Press.									
European Cross Rates									
Intra-EMU rates are permanently fixed									
	DM	£	FF	DM	£	DM	£	DM	£
Aust. Schilling									
Belg. Franc	20.36		4.760	4.1498	20.36	17.221	0.7017	4.5442	4.2240
Den. Kron.	6.46		1.036	1.036	1.036	1.036	1.036	1.036	1.036
Fin. Mark	6.467	15.4307	1.1032		2.3539	0.2398	0.2398	0.2398	0.2398
Fr. Franc	6.5451	4.8384	0.2928		2.434	0.1	0.0765	0.0765	0.0765
Gr. Dr.	340.750	1.336	0.12	0.0037					
Irish P.	16.271	2.4999	0.2646		1.9368	0.0487	0.0487	0.0487	0.0487
Ital. Lira	1.936	200.482	200.482		200.482	200.482	200.482	200.482	200.482
Neth. Gld.	1.6037	4.8384	0.2928	0.324	1.1867	2.7991	1.1867		1.1867
Nor. Kr.	4.76	15.4307	1.1032		1.036	0.0765	0.0765		0.0765
Port. Escudo	200.482	200.482	200.482		200.482	200.482	200.482		200.482
Sp. Peseta	166.386	166.386	166.386		166.386	166.386	166.386		166.386
Sw. Kron.	4.76	15.4307	1.1032		1.036	0.0765	0.0765		0.0765
Sw. Kron.	4.76	15.4307	1.1032		1.036	0.0765	0.0765		0.0765
UK Pound	0.79363	0.79363	0.79363		0.79363	0.79363	0.79363		0.79363
US Dollar	1.6554	1.6554	1.6554		1.6554	1.6554	1.6554		1.6554
Source: Reuters.									

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THE AMERICAS

IMF Looks at Ways to Get to Crisis Economies Earlier

By David E. Sanger
New York Times Service

WASHINGTON — The International Monetary Fund, sharply criticized for the way it has handled crises from Southeast Asia to Russia, is discussing an overhaul of the Fund's operations that could let it intervene directly in national economies long before they get into deep trouble.

The ideas being discussed within the Fund — and by outsiders such as the billionaire investor George Soros — build upon and go substantially beyond proposals made by President Bill Clinton and leaders of other industrial powers in October.

At that time, trying to calm panic among investors who were pulling out of developing nations, the administration backed some cautious proposals that would allow the Fund to act earlier, before currencies collapsed and economic "contagion" spread around the globe.

The first real experiment with a new approach began in November, when the IMF put together a \$41 billion "precautionary" loan package for Brazil, hoping that early intervention would prevent the kind of crisis that struck Thailand, South Korea, Indonesia and Russia.

The central idea now being discussed within the IMF — and outlined in a speech this

week by Stanley Fischer, the Fund's No. 2 official — is to turn the Fund into a "lender of last resort" that could make available pools of money for countries that, like Brazil, appear threatened by global economic forces beyond their control. Mr. Fischer noted that the Fund was increasingly being pushed into that role anyway, but stressed that "the job can surely be done better."

In essence, Mr. Fischer's proposal would reward countries for good behavior — as defined by the IMF and its board, which is dominated by the United States, Japan, and Europe.

Countries that strictly supervise their banking systems, that disclose far more information about their financial state and that balance their budgets would "pre-qualify" for help from the IMF. Presumably, investors would not take the risk of betting against that nation's currency.

"For such a scheme to work, lender-of-last-resort loans would have to be denied to countries that do not qualify," Mr. Fischer said in a speech to the American Economic Association. To deal with that problem, he said, the IMF may charge higher interest rates

to countries that do not meet the Fund's criteria or make those countries agree to tougher conditions once they come to the IMF for help.

Doing it better, though, is no easy task, and the Clinton administration made it clear Monday that it has reservations about a grand expansion of the Fund's role in setting up multibillion-dollar "precautionary" credit lines for countries around the world.

"There are a lot of interesting proposals out there in this area, but there are a number of concerns associated with all of them," said a senior Treasury official. "We're still working through how to address those concerns, and whether we can adequately address them at all."

A system for providing credit lines, while designed to head off trouble, could create some new risks. The IMF has shown little ability to predict which nations are most at risk of being struck by economic crises. Few anticipated, for example, that the economic collapse in Thailand would turn into a global panic.

Moreover, there remains the problem of what to do about nations such as Russia, which have resisted the kind of real economic

reforms that would qualify them for more IMF aid. But as last summer's economic debacle showed, when countries as large and strategically vital as Russia get into trouble, the West feels compelled to provide aid, anyway.

In an interview Monday, Mr. Fischer stressed that he was not seeking to "turn the IMF into some kind of superpower."

"The whole idea is prevention," he said. "If there is a crisis every two months, we won't be able to operate."

There were echoes of Mr. Fischer's proposal in an article by Mr. Soros on Monday in The Financial Times.

Mr. Soros argued that the IMF should act more like an international central bank, which in a crisis would "impose conditions not only on the country concerned but also on the creditors" who lent the country money.

"Booms and busts would not be banished altogether," he wrote, "but the IMF, in its new incarnation, could also act as a kind of international central bank, regulating the environment for international capital flows."

Undoubtedly, that idea would encounter considerable resistance both within Congress and among developing nations. In both places, suspicions of the IMF run high, and many countries have recoiled at the idea that the Fund, in return for offering its aid, could dictate economic and monetary policy.

The central idea is to turn the Fund into a 'lender of last resort.'

Wall Street Rally Pushes Up Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose strongly against the euro and yen Wednesday, lifted by the strong rally in U.S. stock prices.

Demand for dollars increased as foreign investors sought to jump into the U.S. stock market, where the Dow Jones industrial average rose more than 233 points higher to a record.

"Any kind of advance to record highs in the stock market is certainly

lar a shot in the arm, but the market finally realized that the European Central Bank does not want the euro to strengthen too much," said Kevin Lawrie, foreign-exchange manager at Mellon Bank in Pittsburgh.

European central bankers have emphasized that too strong a euro would reduce the competitive edge of the European monetary union.

Dealers said the dollar also had drawn strength from signs of slower European economic growth.

"The euro honeymoon seems to be over a lot faster than people thought it would be," said Laurence Hayward, corporate marketer at Banc One Corp. "There's a refocus on European economic fundamentals."

In 4 P.M. trading, the dollar climbed to 112.90 yen from 111.925 yen Tuesday, while the euro fell to \$1.1617 from \$1.1778. The dollar also climbed to 1.3926 Swiss francs from 1.3669 francs. The pound fell to \$1.6550 from \$1.6607.

The dollar was bolstered against the yen by speculation that Japan would sell its currency to avoid burning its exports.

Hiromu Nonaka, chief cabinet secretary of Japan, and Haruhiko Kuroda, director-general of the Finance Ministry's international bureau, have hinted that the govern-

ment is ready to halt the yen's gains after it rose strongly against the dollar in the past month.

"Japan is in a very delicate phase, and the last thing it needs is an overvalued yen," Paul Podnisky, strategist at BankBoston in Boston, said. If the dollar falls "precipitously, toward 105 yen," he said, the chances of intervention are "over 50 percent."

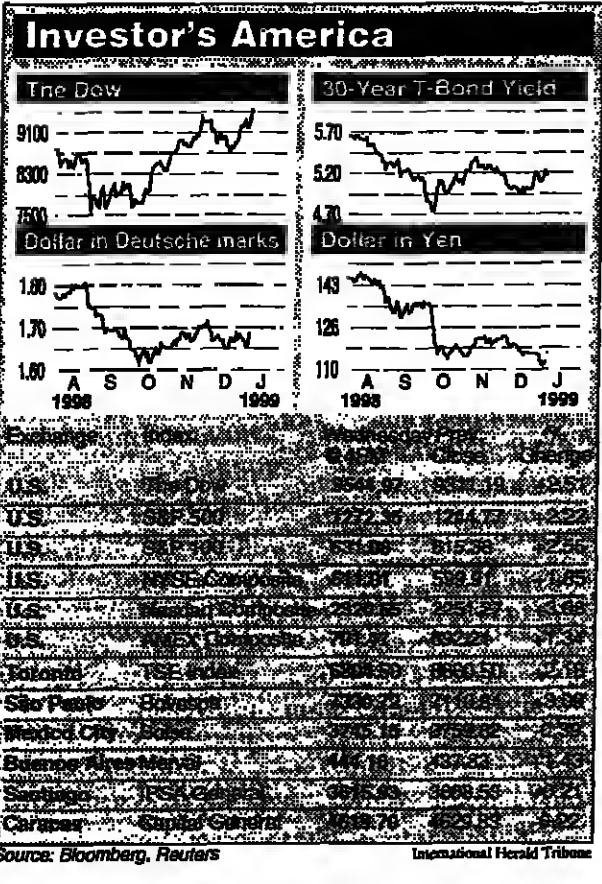
(Bridge News, Bloomberg)

Boeing Cutbacks To Hit Northrop

Bloomberg News

LOS ANGELES — Northrop Grumman Corp., one of the largest suppliers to Boeing Co., said Wednesday that profit this year would fall short of estimates by as much as 20 percent because of Boeing's planned production cuts for 747 jumbo jets.

Northrop, a maker of 747 fuselages and the B-2 bomber, said it expected the cutbacks to cost \$350 million in sales. It also plans to take \$125 million in pretax charges in the fourth quarter.



Very briefly:

- Scandinavian Airlines System, the biggest air carrier in the Nordic region, said it would claim compensation from Boeing Co. for delays in the delivery of new planes. SAS said it received only nine of the 11 short-haul 737-600 aircraft it was expecting last year.
- President Bill Clinton's administration missed a congressional deadline of Tuesday for offering a plan to combat a rising flood of imported steel into the United States in the wake of the Asian financial crisis. Administration officials said the report could still come out this week.
- Phillips Petroleum Co., the seventh-largest U.S. oil concern, will cut 1,400 jobs, or 8 percent of its work force, and slash its 1999 capital budget by 31 percent because of a continuing slump in oil prices.
- ExecuStacy Corp., which leases apartments to corporate executives, agreed to be acquired by Marriott International Inc. for \$128 million in cash, stock and assumed debt.
- Quick & Reilly/Fleet Financial Group Inc., the discount-brokerage arm of Fleet Financial Group Inc., said slightly more than 50 percent of its retail buying and selling orders came via the Internet in 1998.
- Texaco Inc. will pay \$3.1 million to 186 female employees who the U.S. Labor Department said had been paid less than men who were doing similar work for the oil giant.
- Ford Motor Co.'s Brazilian operations were disrupted for a third day as workers protested job cuts, unions said. More than 5,000 metalworkers halted work at the company's biggest assembly line, in Sao Bernardo.
- Tenneco Inc., an automotive-parts and packaging company, said its fourth-quarter earnings would be down from last year and substantially below estimates.
- Microsoft Corp. acquired a 5.7 percent stake, or 3,403,600 common shares, in the paging company SkyTel Communications Inc.

U. S. STOCK MARKET DIARY

Wednesday, Jan. 6										
Most Active					NYSE					
Index	High	Low	Open	Close	Index	High	Low	Open	Close	
Dow Jones	11542	11537	11537	11542	+5	Chicago	15698	15693	15693	+5
S&P 500	1044.5	1044.0	1044.0	1044.5	+0.5	London	14509	14504	14504	+5
Industrials	1044.5	1044.0	1044.0	1044.5	+0.5	Frankfurt	14810	14805	14805	+5
Technology	1044.5	1044.0	1044.0	1044.5	+0.5	Paris	14810	14805	14805	+5
Health Care	1044.5	1044.0	1044.0	1044.5	+0.5	Amsterdam	14810	14805	14805	+5
Financial	1044.5	1044.0	1044.0	1044.5	+0.5	Stocks	10753	10748	10748	+5
Energy	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Telecom	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Utilities	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Real Estate	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Commodities	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Options	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Fixed Income	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
International	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Foreign Exchange	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Interest Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Stock Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Commodity Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Money Market Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Government Debt	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Libor Rates	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Forward Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Gold Fixings	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5

Most Active										
Index	High	Low	Open	Close	Index	High	Low	Open	Close	
Dow Jones	11542	11537	11537	11542	+5	Chicago	15698	15693	15693	+5
S&P 500	1044.5	1044.0	1044.0	1044.5	+0.5	London	14509	14504	14504	+5
Industrials	1044.5	1044.0	1044.0	1044.5	+0.5	Frankfurt	14810	14805	14805	+5
Technology	1044.5	1044.0	1044.0	1044.5	+0.5	Paris	14810	14805	14805	+5
Health Care	1044.5	1044.0	1044.0	1044.5	+0.5	Amsterdam	14810	14805	14805	+5
Financial	1044.5	1044.0	1044.0	1044.5	+0.5	Stocks	10753	10748	10748	+5
Energy	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Telecom	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Utilities	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Real Estate	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Commodities	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Options	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Fixed Income	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
International	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Foreign Exchange	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Interest Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Stock Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Commodity Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Money Market Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Government Debt	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Libor Rates	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Forward Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Gold Fixings	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5

Most Active										
Index	High	Low	Open	Close	Index	High	Low	Open	Close	
Dow Jones	11542	11537	11537	11542	+5	Chicago	15698	15693	15693	+5
S&P 500	1044.5	1044.0	1044.0	1044.5	+0.5	London	14509	14504	14504	+5
Industrials	1044.5	1044.0	1044.0	1044.5	+0.5	Frankfurt	14810	14805	14805	+5
Technology	1044.5	1044.0	1044.0	1044.5	+0.5	Paris	14810	14805	14805	+5
Health Care	1044.5	1044.0	1044.0	1044.5	+0.5	Amsterdam	14810	14805	14805	+5
Financial	1044.5	1044.0	1044.0	1044.5	+0.5	Stocks	10753	10748	10748	+5
Energy	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Telecom	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Utilities	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Real Estate	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Commodities	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Options	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Fixed Income	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
International	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Foreign Exchange	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Interest Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Stock Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Commodity Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Money Market Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Government Debt	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Libor Rates	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Forward Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Gold Fixings	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5

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Index	High	Low	Open	Close	Index	High	Low	Open	Close	
Dow Jones	11542	11537	11537	11542	+5	Chicago	15698	15693	15693	+5
S&P 500	1044.5	1044.0	1044.0	1044.5	+0.5	London	14509	14504	14504	+5
Industrials	1044.5	1044.0	1044.0	1044.5	+0.5	Frankfurt	14810	14805	14805	+5
Technology	1044.5	1044.0	1044.0	1044.5	+0.5	Paris	14810	14805	14805	+5
Health Care	1044.5	1044.0	1044.0	1044.5	+0.5	Amsterdam	14810	14805	14805	+5
Financial	1044.5	1044.0	1044.0	1044.5	+0.5	Stocks	10753	10748	10748	+5
Energy	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Telecom	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Utilities	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Real Estate	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Commodities	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Options	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Fixed Income	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
International	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Foreign Exchange	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Interest Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Stock Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Commodity Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Money Market Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Government Debt	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Libor Rates	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Forward Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Gold Fixings	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5

Most Active										
Index	High	Low	Open	Close	Index	High	Low	Open	Close	
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S&P 500	1044.5	1044.0	1044.0	1044.5	+0.5	London	14509	14504	14504	+5
Industrials	1044.5	1044.0	1044.0	1044.5	+0.5	Frankfurt	14810	14805	14805	+5
Technology	1044.5	1044.0	1044.0	1044.5	+0.5	Paris	14810	14805	14805	+5
Health Care	1044.5	1044.0	1044.0	1044.5	+0.5	Amsterdam	14810	14805	14805	+5
Financial	1044.5	1044.0	1044.0	1044.5	+0.5	Stocks	10753	10748	10748	+5
Energy	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Telecom	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Utilities	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Real Estate	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Commodities	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Options	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Fixed Income	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
International	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Foreign Exchange	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Interest Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Stock Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Commodity Indexes	1044.5	1044.0	1044.0	1044.5	+0.5	Commodity	10753	10748	10748	+5
Money Market Rates	1044.5	1044.0	1044.0	1044.5	+0.5	Options	10753	10748	10748	+5
Government Debt	1044.5	1044.0	1044.0	1044.5	+0.5	Fixed Income	10753	10748	10748	+5
Libor Rates	1044.5	1044.0	1044.0	1044.5	+0.5	International	10753	10748	10748	+5
Forward Rates	1044.									

Sagging Profit at Disney Halves Eisner's '98 Bonus

Bloomberg News

BURBANK, California — Walt Disney Co. said Wednesday it had cut the bonus it paid to Michael Eisner, the chairman and chief executive, almost in half for 1998, reflecting the lagging profit and share price of the world's second-largest entertainment company.

Disney also said it would renegotiate the way it set Mr. Eisner's bonus beginning next year. Mr. Eisner, 56, was paid a bonus of \$5 million for the year that ended Sept. 30, down 49 percent from \$9.9 million a year earlier, according to a filing with the U.S. Securities and Exchange Commission. Mr. Eisner's salary last year was \$764,423, up from \$750,000 a year earlier.

Disney has struggled over the past year to contain higher costs and disappointing profit from its films such as "Beloved" and its ABC television network and declining video sales overseas. Last year also was a year of major investment for the company in theme parks, cruise ships and cable channels. Those are expected to pay off, though now they are limiting profit growth. Net income rose 4 percent in its latest year.

"It's a year of a fair," said Jessica Reif Cohen, an analyst at Merrill Lynch & Co. "Disney's made a lot of money in the past. It shouldn't be a surprise that he'd make less."

Mr. Eisner himself took the long view. "In many ways, 1998 remains one of 1991, a year that also featured lagging earnings," Mr. Eisner said in a letter to investors. "But I believe there's a more important similarity between 1998 and 1991 — both were years of key strategic investments and significant new initiatives."

Disney said it planned to renegotiate a formula it would use to determine Mr. Eisner's bonus in the future. It said it would renegotiate the bonus plan in the current financial year and submit a plan for approval by shareholders. Disney shares closed at \$30.9375, up 37.5 cents.

INTERNATIONAL FUTURES

Wednesday, Jan. 6					High Low Lastest Open					High Low Lastest Open									
Grains										Grains									
WHEAT (CBOT)										WHEAT (CBOT)									
Jan 99	101.20	97.80	100.60	-1.60	536	Jan 99	101.20	97.80	100.60	-1.60	536								
Feb 99	101.20	97.80	100.60	-1.60	536	Feb 99	101.20	97.80	100.60	-1.60	536								
Mar 99	101.20	97.80	100.60	-1.60	536	Mar 99	101.20	97.80	100.60	-1.60	536								
Apr 99	101.20	97.80	100.60	-1.60	536	Apr 99	101.20	97.80	100.60	-1.60	536								
May 99	101.20	97.80	100.60	-1.60	536	May 99	101.20	97.80	100.60	-1.60	536								
Jun 99	101.20	97.80	100.60	-1.60	536	Jun 99	101.20	97.80	100.60	-1.60	536								
Jul 99	101.20	97.80	100.60	-1.60	536	Jul 99	101.20	97.80	100.60	-1.60	536								
Aug 99	101.20	97.80	100.60	-1.60	536	Aug 99	101.20	97.80	100.60	-1.60	536								
Sep 99	101.20	97.80	100.60	-1.60	536	Sep 99	101.20	97.80	100.60	-1.60	536								
Oct 99	101.20	97.80	100.60	-1.60	536	Oct 99	101.20	97.80	100.60	-1.60	536								
Nov 99	101.20	97.80	100.60	-1.60	536	Nov 99	101.20	97.80	100.60	-1.60	536								
Dec 99	101.20	97.80	100.60	-1.60	536	Dec 99	101.20	97.80	100.60	-1.60	536								
Jan 00	101.20	97.80	100.60	-1.60	536	Jan 00	101.20	97.80	100.60	-1.60	536								
Feb 00	101.20	97.80	100.60	-1.60	536	Feb 00	101.20	97.80	100.60	-1.60	536								
Mar 00	101.20	97.80	100.60	-1.60	536	Mar 00	101.20	97.80	100.60	-1.60	536								
Apr 00	101.20	97.80	100.60	-1.60	536	Apr 00	101.20	97.80	100.60	-1.60	536								
May 00	101.20	97.80	100.60	-1.60	536	May 00	101.20	97.80	100.60	-1.60	536								
Jun 00	101.20	97.80	100.60	-1.60	536	Jun 00	101.20	97.80	100.60	-1.60	536								
Jul 00	101.20	97.80	100.60	-1.60	536	Jul 00	101.20	97.80	100.60	-1.60	536								
Aug 00	101.20	97.80	100.60	-1.60	536	Aug 00	101.20	97.80	100.60	-1.60	536								
Sep 00	101.20	97.80	100.60	-1.60	536	Sep 00	101.20	97.80	100.60	-1.60	536								
Oct 00	101.20	97.80	100.60	-1.60	536	Oct 00	101.20	97.80	100.60	-1.60	536								
Nov 00	101.20	97.80	100.60	-1.60	536	Nov 00	101.20	97.80	100.60	-1.60	536								
Dec 00	101.20	97.80	100.60	-1.60	536	Dec 00	101.20	97.80	100.60	-1.60	536								
Jan 01	101.20	97.80	100.60	-1.60	536	Jan 01	101.20	97.80	100.60	-1.60	536								
Feb 01	101.20	97.80	100.60	-1.60	536	Feb 01	101.20	97.80	100.60	-1.60	536								
Mar 01	101.20	97.80	100.60	-1.60	536	Mar 01	101.20	97.80	100.60	-1.60	536								
Apr 01	101.20	97.80	100.60	-1.60	536	Apr 01	101.20	97.80	100.60	-1.60	536								
May 01	101.20	97.80	100.60	-1.60	536	May 01	101.20	97.80	100.60	-1.60	536								
Jun 01	101.20	97.80	100.60	-1.60	536	Jun 01	101.20	97.80	100.60	-1.60	536								
Jul 01	101.20	97.80	100.60	-1.60	536	Jul 01	101.20	97.80	100.60	-1.60	536								
Aug 01	101.20	97.80	100.60	-1.60	536	Aug 01	101.20	97.80	100.60	-1.60	536								
Sep 01	101.20	97.80	100.60	-1.60	536	Sep 01	101.20	97.80	100.60	-1.60	536								
Oct 01	101.20	97.80	100.60	-1.60	536	Oct 01	101.20	97.80	100.60	-1.60	536								
Nov 01	101.20	97.80	100.60	-1.60	536	Nov 01	101.20	97.80	100.60	-1.60	536								
Dec 01	101.20	97.80	100.60	-1.60	536	Dec 01	101.20	97.80	100.60	-1.60	536								
Jan 02	101.20	97.80	100.60	-1.60	536	Jan 02	101.20	97.80	100.60	-1.60	536								
Feb 02	101.20	97.80	100.60	-1.60	536	Feb 02	101.20	97.80	100.60	-1.60	536								
Mar 02	101.20	97.80	100.60	-1.60	536	Mar 02	101.20	97.80	100.60	-1.60	536								
Apr 02	101.20	97.80	100.60	-1.60	536	Apr 02	101.20	97.80	100.60	-1.60	536								
May 02	101.20	97.80	100.60	-1.60	536	May 02	101.20	97.80	100.60	-1.60	536								
Jun 02	101.20	97.80	100.60	-1.60	536	Jun 02	101.20	97.80	100.60	-1.60	536								
Jul 02	101.20	97.80	100.60	-1.60	536	Jul 02	101.20	97.80	100.60	-1.60	536								
Aug 02	101.20	97.80	100.60	-1.60	536	Aug 02	101.20	97.80	100.60	-1.60	536								
Sep 02	101.20	97.80	100.60	-1.60	536	Sep 02	101.20	97.80	100.60	-1.60	536								
Oct 02	101.20	97.80	100.60	-1.60	536	Oct 02	101.20	97.80	100.60	-1.60	536								
Nov 02	101.20	97.80	100.60	-1.60	536	Nov 02	101.20	97.80	100.60	-1.60	536								
Dec 02	101.20	97.80	100.60	-1.60	536	Dec 02	101.20	97.80	100.60	-1.60	536								
Jan 03	101.20	97.80	100.60	-1.60	536	Jan 03	101.20	97.80	100.60	-1.60	536								
Feb 03	101.20	97.80	100.60	-1.60	536	Feb 03	101.20	97.80	100.60	-1.60	536								
Mar 03	101.20	97.80	100.60	-1.60	536	Mar 03	101.20	97.80	100.60	-1.60	536								
Apr 03	101.20	97.80	100.60	-1.60	536	Apr 03	101.20	97.80	100.60	-1.60	536								
May 03	101.20	97.80	100.60	-1.60	536	May 03	101.20	97.80	100.60	-1.60	536								
Jun 03	101.20	97.80	100.60	-1.60	536	Jun 03	101.20	97.80	100.60	-1.60	536								
Jul 03	101.20	97.80	100.60	-1.60	536	Jul 03	101.20	97.80	100.60	-1.60	536								
Aug 03	101.20	97.80	100.60	-1.60	536	Aug 03	101.20	97.80	100.60	-1.60	536								
Sep 03	101.20	97.80	100.60	-1.60	536	Sep 03	101.20	97.80	100.60	-1.60	536								
Oct 03	101.20	97.80	100.60	-1.60	536	Oct 03	101.20	97.80	100.60	-1.60	536								
Nov 03	101.20	97.80	100.60	-1.60	536	Nov 03	101.20	97.80	100.60	-1.60	536								
Dec 03	101.20	97.80	100.60	-1.60	536	Dec 03	101.20	97.80	100.60	-1.60	536								
Jan 04	101.20	97.80	100.60	-1.60	536	Jan 04	101.20	97.80	100.60	-1.60	536								
Feb 04	101.20	97.80	100.60	-1.60	536	Feb 04	101.20	97.80	100.60	-1.60	536								
Mar 04	101.20	97.80	100.60	-1.60	536	Mar 04	101.20	97.80	100.60	-1.60	536								
Apr 04	101.20	97.80	100.60	-1.60	536	Apr 04	101.20	97.80	100.60	-1.60	536								
May 04	101.20	97.80	100.60	-1.60	536	May 04	101.20	97.80	100.60	-1.60	536								
Jun 04	101.20	97.80	100.60	-1.60	536	Jun 04	101.20	97.80	100.60	-1.60	536								
Jul 04	101.20	97.80	100.60	-1.60	536	Jul 04	101.20	97.80	100.60	-1.60	536								
Aug 04	101.20	97.80	100.60	-1.60	536	Aug 04	101.20	97.80	100.60	-1.60	536								
Sep 04	101.20	97.80	100.60	-1.60	536	Sep 04	101.20	97.80	100.60	-1.60	536								
Oct 04	101.20	97.80	100.60	-1.60	536	Oct 04	101.20	97.80	100.60	-1.60	536								
Nov 04	101.20	97.80	100.60	-1.60	536	Nov 04	101.20	97.80	100.60	-1.60	536								
Dec 04	101.20	97.80	100.60	-1.60	536	Dec 04	101.20	97.80	100.60	-1.60	536								
Jan 05	101.20	97.80	100.60	-1.60	536	Jan 05	101.20	97.80	100.60	-1.60	536								
Feb 05	101.20	97.80	100.60	-1.60	536	Feb 05	101.20	97.80	100.60	-1.60	536								
Mar 05	101.20	97.80	100.60	-1.60	536	Mar 05	101.20	97.80	100.60	-1.60	536								
Apr 05	101.20	97.80	100.60	-1.60	536	Apr 05	101.20	97.80	100.60	-1.60	536								
May 05	101.20	97.80	100.60	-1.60	536	May 05	101.20	97.80	100.60	-1.60	536								
Jun 05	101.20	97.80	100.60	-1.60	536	Jun 05	101.20	97.80	100.60	-1.60	536								
Jul 05	101.20	97.80	100.60	-1.60	536	Jul 05	101.20	97.80	100.60	-1.60	536								
Aug 05	101.20	97.80	100.60	-1.60	536	Aug 05	101.20	97.80	100.60	-1.60	536								
Sep 05	101.20	97.80	100.60	-1.60	536	Sep 05	101.20	97.80	100.60	-1.60	536								
Oct 05	101.20	97.80	100.60	-1.60	536	Oct 05	101.20	97.80	100.60	-1.60	536								
Nov 05	101.20	97.80	100.60	-1.60	536	Nov 05	101.20	97.80	100.60	-1.60	536								
Dec 05	101.20	97.80	100.60	-1.60	536	Dec 05	101.20	97.80	100.60	-1.60	536								
Jan 06	101.20	97.80	100.60	-1.60	536	Jan 06	101.20	97.80	100.60	-1.60	536								
Feb 06	101.20	97.80	100.60	-1.60	536	Feb 06	101.20	97.80	100.60	-1.60	536								
Mar 06	101.20	97.80	100.60	-1.60	536	Mar 06	101.20	97.80	100.60	-1.60	536								
Apr 06	101.20	97.80	100.60	-1.60	536	Apr 06	101.20	97.80	100.60	-1.60	536								
May 06	101.20	97.80	100.60	-1.60	536	May 06	101.20	97.80	100.60	-1.60	536								
Jun 06	101.20	97.80	100.60	-1.60	536	Jun 06	101.20	97.80	100.60	-1.60	536								
Jul 06	101.20	97.80	100.60	-1.60	536	Jul 06	101.20	97.80	100.60	-1.60	536								
Aug 06	101.20	97.80	100.60	-1.60	536	Aug 06	101.20	97.80	100.60	-1.60	536								
Sep 06	101.20	97.80	100.60	-1.60	536	Sep 06	101.20	97.80	100.60	-1.60	536								
Oct 06	101.20	97.80	100.60	-1.60	536	Oct 06	101.20	97.80	100.60	-1.60	536								
Nov 06	101.20	97.80	100.60	-1.60	536	Nov 06	101.20	97.80	100.60	-1.60	536								
Dec 06	101.20	97.80	100.60	-1.60	536	Dec 06	101.20	97.80	100.60	-1.60	536								
Jan 07	101.20	97.80	100.60	-1.60	536	Jan 07	101.20	97.80	100.60	-1.60	536								
Feb 07	101.20	97.80	100.60	-1.60	536	Feb 07	101.20	97.80	100.60	-1.60	536								
Mar 07	101.20	97.80	100.60	-1.60	536	Mar 07	101.20	97.80	100.60	-1.60	536								
Apr 07	101.20	97.80	100.60	-1.60	536	Apr 07	101.20	97.80	100.60	-1.60	536								
May 07	101.20	97.80	100.60	-1.60	536	May 07	101.20	97.80	100.60	-1.60	536								
Jun 07	101.20	97.80	100.60	-1.60	536	Jun 07	101.20	97.80	100.60	-1.60	536								
Jul 07	101.20	97.80	100.																

EUROPE

Euro's First Harvest: EU Farm Policy Should Be Less Costly

By Barry James

International Herald Tribune

PARIS — With the birth of Europe's single currency, an older form of payment — Europe's complex system of "green money" — has finally disappeared after more than a century of baffling European brains.

Green francs, Deutsche marks and pounds were a hypothetical form of payment used to compensate farmers for the ups and downs of real money on financial markets. Getting rid of them will save as much as 1.5 billion euros (\$1.76 billion) a year, or almost 3 percent of the European Union's massive bill for agricultural support, according to a spokesman at the European Commission, the EU's executive body.

More than half of the EU's budget of 85 billion euros is spent on its Common Agricultural Policy, which benefits a small and declining part of the population.

The euro has abolished exchange-rate fluctuations and risks within the

11-nation single currency area, making the compensation no longer necessary. A form of gradually decreasing compensation will continue to be available for farmers in the four EU countries that have remained outside the euro zone — Britain, Denmark, Sweden and Greece. This will be co-funded by the EU and the four governments concerned.

The removal of the green rates eliminates one of the greatest complexities of the agricultural policy, one that was virtually impossible to explain without graphs and other visual aids.

Having all payments made in the single currency cut only reduces transaction costs and the risk of fraud but also makes it easier to see where the money is going, according to officials at the commission. It could therefore simplify the process of reducing the cost of the agricultural policy, which is one of the main items on the agenda for Germany as it assumes the EU presidency.

Chancellor Gerhard Schröder is determined to obtain a reduction of Germany's 11 billion euro net payment to the EU and has proposed doing this partly through a spending freeze and partly by making governments individually responsible for some of the cost of farm subsidies.

Spain opposes a spending freeze, and France rejects the notion that countries should co-finance the subsidies. But German leaders have said that without fundamental reform of the EU budget — and that means farm reform — it will not be possible to begin the process of enlarging the EU into Central and Eastern Europe. The commission has proposed diverting part of the farm subsidies to candidate countries in those regions to help them prepare for membership, not Spain which has blocked this.

The commission also has suggested cutting guaranteed prices for beef by 30 percent, cereal by 20 percent and milk by 15 percent.

Governments are under pressure to limit spending to meet the criteria

on public debt and financing demanded by membership in the single currency. As countries prepare for a summit meeting on the EU's budget reform in Brussels in March, finance ministers are looking at a proposal that would cap farm spending at 40 billion euros a year.

Germany, and its main ally, the Netherlands, another large net contributor, also want to limit the subsidies. But they are not alone. Those funds account for a further one-third of the EU budget and often benefit rural areas.

Both the pressure on the budget and the introduction of a currency that finally sheds light on the complexity of European farm subsidies point to an intense debate ahead, one in which farmers are not necessarily going to emerge the winners.

Mr. Schröder's predecessor, Helmut Kohl, was willing to pay a high price in subsidizing French farmers to ensure that economic and monetary union got off to a successful start. With Mr. Kohl off the

scene and the euro launched, France no longer has such leverage here, and in any case it is eager to establish close cooperation with Mr. Schröder.

Moreover, Germany's insistence on a reduction in its net contribution to the EU made it unlikely that it would go on protecting its farmers at any cost.

The commission argues that prospective losses to farmers will be offset by benefits arising from the single currency. Producers will be able to invoice exports in the currency in which their costs are incurred, avoiding exchange-rate risks, it says, and the euro, if it succeeds, should make Europe's single market fundamentally more efficient.

The European commission for international trade, Sir Leon Brittan, said this week that reform of the agricultural policy was pressing not only for internal reasons but to ensure that the EU had a sustainable position it could defend in future global trade talks under the auspices of the World Trade Organization.

Investor's Europe				
Frankfurt	London	Paris		
DAX	FTSE 100 Index	CAC 40		
5000	6000	4000		
4500	5500	3500		
4000	5000	3000		
3500	4500	2500		
1998	1998	1998		
Exchange	Index	Wednesday	Prev.	Change
Amsterdam	AEX	588.66	586.51	+2.05
Brussels	BEL-20	3,681.92	3,679.70	+0.06
Frankfurt	DAX	5,443.62	5,253.91	+189.71
Copenhagen	Stock Market	649.79	650.71	-0.92
Helsinki	HEX General	Closed	5,909.68	-
Oslo	OBX	544.24	530.08	+14.16
London	FTSE 100	6,148.80	5,958.20	+190.60
Madrid	Stock Exchange	Closed	931.55	-
Milan	MIBTEL	Closed	25,292	-
Paris	CAC 40	4,284.82	4,200.78	+84.04
Stockholm	SX 16	Closed	4,167.81	-
Vienna	ATX	Closed	1,140.99	-
Zurich	SPI	4,781.92	4,700.14	+81.78

Source: Reuters

Very briefly:

• Total SA, the French oil company, said it expected 1998 profit to be about 10 percent lower than the 7.6 billion francs (\$1.36 billion) it earned last year. Analysts said that would be a good result considering the sharp drop in crude oil prices. The results are to be announced Jan. 27.

• LucasVarity P.I.C., the British-American car parts maker, confirmed that it was in talks with other companies and said that it was considering a range of alternatives, including joint ventures, acquisitions, alliances and mergers.

• Baan NV, the Dutch maker of business-management software, is selling as much as \$225 million in new common shares to Fletcher International Ltd., a private New York-based investment company, to finance future growth.

• Britain's service industries shrank in December for the second straight month, a survey from the Chartered Institute of Purchasing and Supply showed, as demand fell and employment contracted for the first time on record.

• Morgan Grenfell Asset Management's former chief executive, Keith Percy, admitted to a British regulator that he did not do enough to ensure compliance and was repaid for his role in the pension fund scandal involving Peter Young that cost Deutsche Bank, Morgan Grenfell's parent, £400 million (\$660 million) in fines and restitution.

• Italian regulators raised the cost of phoning a portable phone from a fixed phone line by as much as 153 percent under a "simplification" of rates.

• SAP AG shares rose 6 percent, to 304 euros (\$358), as bargain hunters fueled a rebound a day after the leading German software maker's shares fell 17 percent as it said sales growth would slow amid reduced demand.

• Air France said 79 percent of its pilots agreed to wage cuts in exchange for its shares, enabling the carrier to raise at least 1.3 billion francs (\$233.3 million) in the process. The airline said the deal would enable it to cut its wage bill by 7 percent, or 240 million francs a year.

• Audi AG, the luxury car unit of Volkswagen AG, said the success of its A4 model helped U.S. December sales climb 56 percent over December 1997, to 6,284 cars. U.S. sales rose 39 percent, to 67,517 cars for all of 1998. — Bloomberg, Reuters

LVMH Signals That It Has Designs on Gucci

Compiled by Our Staff From Dispatches

PARIS — Gucci Group NV shares surged 19 percent Wednesday after LVMH Moët Hennessy Louis Vuitton SA, the world's leading luxury-goods maker, said it owned more than 5 percent of the Italian fashion house, prompting speculation about a possible takeover.

LVMH's announcement, which did not say how many shares had been added to the roughly 4.9 percent stake it already owned, marked the second time in a year that a rival had built a stake in Gucci. Prada, a privately held Italian fashion house, raised its stake in Gucci to almost 10 percent last year, but it has said it does not plan to buy more.

Bernard Arnault, the acquisitive head of LVMH, has hinted at the

possible sale of LVMH's large stake in Diageo PLC, a move that would give the company cash for a takeover.

Gucci shares rose 8.95 euros (\$10.54) to 55.40 in Amsterdam trading. LVMH shares rose 13 euros to 200 in Paris.

Both stocks have lagged local markets, squeezed by concerns about their earnings prospects as financial troubles in Asia have curbed appetites for luxury goods.

An LVMH representative said the company would make a statement about its intentions for the Gucci holding in the next few days. There was no immediate reaction from Gucci.

LVMH, with sales in 1997 of 48 billion francs (\$8.62 billion), is

about 10 times the size of Gucci, which had sales of \$880.7 million.

For LVMH, a link with Gucci would make more sense than keeping its stake in Diageo, the world's largest liquor company, because Gucci's business is more aligned with that of LVMH, analysts said.

"Gucci is a business that Bernard Arnault knows well, and there are more synergies in being a majority owner in Gucci than a minority shareholder in Diageo," said Jean Weiss, analyst at CPR Finance in Paris.

The link between Diageo and LVMH, which has said its holding in Diageo is not considered a strategic one, weakened last week when Mr. Arnault resigned as a non-executive director of Diageo's board.

Part of what makes Gucci an at-

tractive target now is that the company has responded to weak Asian sales by opening outlets in Europe and has taken advantage of Asia's difficulties by buying its franchisees in Guam and Taiwan and increasing its distribution in Japan, Hong Kong and Hawaii.

Such moves helped bolster Gucci's third-quarter profit, which rose a better-than-expected 3.7 percent to \$44.7 million. That followed profit declines in its first two quarters as the recession in Asia hampered sales growth.

"I think they will make a run at Gucci because I don't think LVMH pussyfoots around," said Claire Kent, an analyst at Morgan Stanley in London. "It definitely wouldn't be friendly." (Bloomberg, Reuters)

Euro Needs To Be Strong, Jospin Says

Compiled by Our Staff From Dispatches

PARIS — Prime Minister Lionel Jospin said Wednesday the euro "must be strong" to avoid being dominated by the dollar but must not be overvalued.

He said the euro, which was created at the start of this year, could not be a weak currency if it was to remain a reserve currency alongside the dollar.

The European Central Bank will hold its first council meeting of the year Thursday, but analysts do not expect a change in monetary policy. They say they expect central bankers to take more time to try to gauge how much European economies will slow before changing interest rates. But analysts say they do expect the bank to cut rates in the first quarter, possibly as early as February.

"Don't expect a major rate debate yet," said Holger Schmieding, an economist at Merrill Lynch.

Meanwhile, a poll showed that 62 percent of Swedes now wanted to join the monetary union. Sweden is a member of the European Union but was not among the 11 countries that established the euro. In a poll in March 1997, only 27 percent of Swedes wanted to join. — (AFX, Bloomberg)

Russia Says Investors Willing to Swap Defaulted Debt

Bloomberg News

MOSCOW — Russia said Wednesday that it had seen significant interest from domestic investors seeking to swap defaulted government debt for new bonds but that it expected foreigners to shun the offer until they receive more information on the terms.

The government will resume talks with a group of foreign bondholders Jan. 18 to discuss concerns

of foreign investors, including how they can invest rubles they receive. So far, only domestic investors have applied to swap the defaulted debt.

The value of old bonds already offered to be swapped is "rather large," said Bella Zlatkis, head of the ministry's securities department. Foreign investors, she said, won't begin swapping until they resolve "the issue of how they will be able to invest their proceeds."

Foreign investors hold about a third of the 281 billion rubles (\$13.6 billion) in Treasury bonds on which the government defaulted in August. The securities, originally valued at about \$40 billion, have lost value with the ruble's plunge of about 70 percent since mid-August.

One banker on the 19-member creditor committee that represents about 90 percent of foreign investors said foreign bondholders

might boycott the swap altogether, choosing simply not to participate.

Meanwhile, the Bank of Russia's first deputy chairman, Tatiana Paramonova, said the ruble's exchange rate, which the bank forecasts will average 21.50 to the dollar this year, would depend on the government's ability to restructure its foreign debt. — The dollar-finished Wednesday at 22.90 rubles, up from 20.65 rubles Tuesday. — (AFX, Bloomberg)

WORLD STOCK MARKETS

Wednesday, Jan. 6

Prices in local currency

In euros for EMU countries.

Telexes

High Low Close Prev.

Amsterdam

AEX Index 384.4

Previous: 382.71

ABN-AMRO

20.10 19.40 20.05 19.25

Alkerm

34.00 32.10 32.10 31.00

Alkerm

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Alkerm

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Alkerm

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Alkerm

34.00 32.10 32.10 31.00

High Low Close Prev.

Copenhagen

Stock Index 467.7

Previous: 467.7

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

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Carlsberg B

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Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

38.5 37.0 37.0 36.0

Carlsberg B

High Low Close Prev.

Frankfurt

DAX Index 5403.45

Previous: 5392.91

Bayer AG

42.00 40.00 40.00 39.00

Bayer AG

42.00 40.00 40.00 39.00

Bayer AG

42.00 40.00 40.00 39.00

Bayer AG

42.00 40.00 40.00 39.00

Bayer AG

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Bayer AG

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Bayer AG

42.00 40.00 40.00 39.00

Bayer AG

42.00 40.00 40.00 39.00

Bayer AG

High Low Close Prev.

Johannesburg

All Share Index 5487.1

Previous: 5478.24

Anglo American

28.00 26.00 26.00 25.00

Anglo American

28.00 26.00 26.00 25.00

Anglo American

28.00 26.00 26.00 25.00

Anglo American

28.00 26.00 26.00 25.00

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Anglo American

28.00 26.00 26.00 25.00

Anglo American

28.00 26.00 26.00 25.00

Anglo American

28.00 26.00 26.00 25.

The 2,300 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

DATE	DESCRIPTION	AMOUNT	BALANCE
1890	Jan 1		100.00
1891	Jan 1		100.00
1892	Jan 1		100.00
1893	Jan 1		100.00
1894	Jan 1		100.00
1895	Jan 1		100.00
1896	Jan 1		100.00
1897	Jan 1		100.00
1898	Jan 1		100.00
1899	Jan 1		100.00
1900	Jan 1		100.00
1901	Jan 1		100.00
1902	Jan 1		100.00
1903	Jan 1		100.00
1904	Jan 1		100.00
1905	Jan 1		100.00
1906	Jan 1		100.00
1907	Jan 1		100.00
1908	Jan 1		100.00
1909	Jan 1		100.00
1910	Jan 1		100.00
1911	Jan 1		100.00
1912	Jan 1		100.00
1913	Jan 1		100.00
1914	Jan 1		100.00
1915	Jan 1		100.00
1916	Jan 1		100.00
1917	Jan 1		100.00
1918	Jan 1		100.00
1919	Jan 1		100.00
1920	Jan 1		100.00
1921	Jan 1		100.00
1922	Jan 1		100.00
1923	Jan 1		100.00
1924	Jan 1		100.00
1925	Jan 1		100.00
1926	Jan 1		100.00
1927	Jan 1		100.00
1928	Jan 1		100.00
1929	Jan 1		100.00
1930	Jan 1		100.00
1931	Jan 1		100.00
1932	Jan 1		100.00
1933	Jan 1		100.00
1934	Jan 1		100.00
1935	Jan 1		100.00
1936	Jan 1		100.00
1937	Jan 1		100.00
1938	Jan 1		100.00
1939	Jan 1		100.00
1940	Jan 1		100.00
1941	Jan 1		100.00
1942	Jan 1		100.00
1943	Jan 1		100.00
1944	Jan 1		100.00
1945	Jan 1		100.00
1946	Jan 1		100.00
1947	Jan 1		100.00
1948	Jan 1		100.00
1949	Jan 1		100.00
1950	Jan 1		100.00
1951	Jan 1		100.00
1952	Jan 1		100.00
1953	Jan 1		100.00
1954	Jan 1		100.00
1955	Jan 1		100.00
1956	Jan 1		100.00
1957	Jan 1		100.00
1958	Jan 1		100.00
1959	Jan 1		100.00
1960	Jan 1		100.00
1961	Jan 1		100.00
1962	Jan 1		100.00
1963	Jan 1		100.00
1964	Jan 1		100.00
1965	Jan 1		100.00
1966	Jan 1		100.00
1967	Jan 1		100.00
1968	Jan 1		100.00
1969	Jan 1		100.00
1970	Jan 1		100.00
1971	Jan 1		100.00
1972	Jan 1		100.00
1973	Jan 1		100.00
1974	Jan 1		100.00
1975	Jan 1		100.00
1976	Jan 1		100.00
1977	Jan 1		100.00
1978	Jan 1		100.00
1979	Jan 1		100.00
1980	Jan 1		100.00
1981	Jan 1		100.00
1982	Jan 1		100.00
1983	Jan 1		100.00

Continued on Page 13

صلى الله عليه وسلم

Wednesday's 4 P.M.
1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

[illegible]

Date		Page	
<p>1. General Information</p> <p>Name: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip: _____</p> <p>Phone: _____</p>			
<p>2. Medical History</p> <p>Presenting Complaint: _____</p> <p>Duration: _____</p> <p>Associated Symptoms: _____</p> <p>Previous Illnesses: _____</p> <p>Family History: _____</p> <p>Medications: _____</p>			
<p>3. Physical Examination</p> <p>General: _____</p> <p>HEENT: _____</p> <p>Chest: _____</p> <p>Abdomen: _____</p> <p>Extremities: _____</p> <p>Neurological: _____</p>			
<p>4. Diagnosis</p> <p>Primary Diagnosis: _____</p> <p>Secondary Diagnosis: _____</p>			
<p>5. Treatment</p> <p>Medications: _____</p> <p>Procedures: _____</p> <p>Other: _____</p>			
<p>6. Follow-up</p> <p>Next Appointment: _____</p> <p>Referrals: _____</p>			

[illegible][illegible]

Line	Loc	Dist	Time	Rate	Cost	Revenue	Profit
1	100	100	100	100	100	100	100
2	100	100	100	100	100	100	100
3	100	100	100	100	100	100	100
4	100	100	100	100	100	100	100
5	100	100	100	100	100	100	100
6	100	100	100	100	100	100	100
7	100	100	100	100	100	100	100
8	100	100	100	100	100	100	100
9	100	100	100	100	100	100	100
10	100	100	100	100	100	100	100
11	100	100	100	100	100	100	100
12	100	100	100	100	100	100	100
13	100	100	100	100	100	100	100
14	100	100	100	100	100	100	100
15	100	100	100	100	100	100	100
16	100	100	100	100	100	100	100
17	100	100	100	100	100	100	100
18	100	100	100	100	100	100	100
19	100	100	100	100	100	100	100
20	100	100	100	100	100	100	100
21	100	100	100	100	100	100	100
22	100	100	100	100	100	100	100
23	100	100	100	100	100	100	100
24	100	100	100	100	100	100	100
25	100	100	100	100	100	100	100
26	100	100	100	100	100	100	100
27	100	100	100	100	100	100	100
28	100	100	100	100	100	100	100
29	100	100	100	100	100	100	100
30	100	100	100	100	100	100	100
31	100	100	100	100	100	100	100
32	100	100	100	100	100	100	100
33	100	100	100	100	100	100	100
34	100	100	100	100	100	100	100
35	100	100	100	100	100	100	100
36	100	100	100	100	100	100	100
37	100	100	100	100	100	100	100
38	100	100	100	100	100	100	100
39	100	100	100	100	100	100	100
40	100	100	100	100	100	100	100
41	100	100	100	100	100	100	100
42	100	100	100	100	100	100	100
43	100	100	100	100	100	100	100
44	100	100	100	100	100	100	100
45	100	100	100	100	100	100	100
46	100	100	100	100	100	100	100
47	100	100	100	100	100	100	100
48	100	100	100	100	100	100	100
49	100	100	100	100	100	100	100
50	100	100	100	100	100	100	100
51	100	100	100	100	100	100	100
52	100	100	100	100	100	100	100

AMEX

Index	Value	High	Low	Latest	Change	Stock	Value	High
1	100	100	100	100	100	1	100	100
2	100	100	100	100	100	2	100	100
3	100	100	100	100	100	3	100	100
4	100	100	100	100	100	4	100	100
5	100	100	100	100	100	5	100	100
6	100	100	100	100	100	6	100	100
7	100	100	100	100	100	7	100	100
8	100	100	100	100	100	8	100	100
9	100	100	100	100	100	9	100	100
10	100	100	100	100	100	10	100	100
11	100	100	100	100	100	11	100	100
12	100	100	100	100	100	12	100	100
13	100	100	100	100	100	13	100	100
14	100	100	100	100	100	14	100	100
15	100	100	100	100	100	15	100	100
16	100	100	100	100	100	16	100	100
17	100	100	100	100	100	17	100	100
18	100	100	100	100	100	18	100	100
19	100	100	100	100	100	19	100	100
20	100	100	100	100	100	20	100	100
21	100	100	100	100	100	21	100	100
22	100	100	100	100	100	22	100	100
23	100	100	100	100	100	23	100	100
24	100	100	100	100	100	24	100	100
25	100	100	100	100	100	25	100	100
26	100	100	100	100	100	26	100	100
27	100	100	100	100	100	27	100	100
28	100	100	100	100	100	28	100	100
29	100	100	100	100	100	29	100	100
30	100	100	100	100	100	30	100	100
31	100	100	100	100	100	31	100	100
32	100	100	100	100	100	32	100	100
33	100	100	100	100	100	33	100	100
34	100	100	100	100	100	34	100	100
35	100	100	100	100	100	35	100	100
36	100	100	100	100	100	36	100	100
37	100	100	100	100	100	37	100	100
38	100	100	100	100	100	38	100	100
39	100	100	100	100	100	39	100	100
40	100	100	100	100	100	40	100	100
41	100	100	100	100	100	41	100	100
42	100	100	100	100	100	42	100	100
43	100	100	100	100	100	43	100	100
44	100	100	100	100	100	44	100	100
45	100	100	100	100	100	45	100	100
46	100	100	100	100	100	46	100	100
47	100	100	100	100	100	47	100	100
48	100	100	100	100	100	48	100	100
49	100	100	100	100	100	49	100	100
50	100	100	100	100	100	50	100	100
51	100	100	100	100	100	51	100	100
52	100	100	100	100	100	52	100	100

[illegible]

Wednesday's 4 P.M. Close
The 150 most traded stocks of the day,
up to the closing on Wall Street.
The Associated Press

State	Index	High	Low	Last	Change
AK	176	176	176	176	0
AL	176	176	176	176	0
AR	176	176	176	176	0
AS	176	176	176	176	0
AZ	176	176	176	176	0
CA	176	176	176	176	0
CO	176	176	176	176	0
CT	176	176	176	176	0
DE	176	176	176	176	0
DC	176	176	176	176	0
FL	176	176	176	176	0
GA	176	176	176	176	0
HI	176	176	176	176	0
IA	176	176	176	176	0
ID	176	176	176	176	0
IL	176	176	176	176	0
IN	176	176	176	176	0
KS	176	176	176	176	0
KY	176	176	176	176	0
LA	176	176	176	176	0
MA	176	176	176	176	0
MD	176	176	176	176	0
ME	176	176	176	176	0
MI	176	176	176	176	0
MN	176	176	176	176	0
MO	176	176	176	176	0
MS	176	176	176	176	0
MT	176	176	176	176	0
NH	176	176	176	176	0
NJ	176	176	176	176	0
NM	176	176	176	176	0
NY	176	176	176	176	0
OH	176	176	176	176	0
OK	176	176	176	176	0
OR	176	176	176	176	0
PA	176	176	176	176	0
RI	176	176	176	176	0
SC	176	176	176	176	0
SD	176	176	176	176	0
SE	176	176	176	176	0
SI	176	176	176	176	0
SN	176	176	176	176	0
SP	176	176	176	176	0
SS	176	176	176	176	0
ST	176	176	176	176	0
SW	176	176	176	176	0
TA	176	176	176	176	0
TE	176	176	176	176	0
TH	176	176	176	176	0
TI	176	176	176	176	0
TO	176	176	176	176	0
TS	176	176	176	176	0
TU	176	176	176	176	0
TV	176	176	176	176	0
TX	176	176	176	176	0
UT	176	176	176	176	0
VZ	176	176	176	176	0
WA	176	176	176	176	0
WI	176	176	176	176	0
WV	176	176	176	176	0
WY	176	176	176	176	0
ZZ	176	176	176	176	0

[illegible][illegible]

Wednesday's 4 P.M. Close

[illegible][illegible][illegible][illegible][illegible][illegible]

gh Low/Late Orig

128	161	+0.6
129	162	+0.6
130	163	+0.6
131	164	+0.6
132	165	+0.6
133	166	+0.6
134	167	+0.6
135	168	+0.6
136	169	+0.6
137	170	+0.6
138	171	+0.6
139	172	+0.6
140	173	+0.6
141	174	+0.6
142	175	+0.6
143	176	+0.6
144	177	+0.6
145	178	+0.6
146	179	+0.6
147	180	+0.6
148	181	+0.6
149	182	+0.6
150	183	+0.6
151	184	+0.6
152	185	+0.6
153	186	+0.6
154	187	+0.6
155	188	+0.6
156	189	+0.6
157	190	+0.6
158	191	+0.6
159	192	+0.6
160	193	+0.6
161	194	+0.6
162	195	+0.6
163	196	+0.6
164	197	+0.6
165	198	+0.6
166	199	+0.6
167	200	+0.6
168	201	+0.6
169	202	+0.6
170	203	+0.6
171	204	+0.6
172	205	+0.6
173	206	+0.6
174	207	+0.6
175	208	+0.6
176	209	+0.6
177	210	+0.6
178	211	+0.6
179	212	+0.6
180	213	+0.6
181	214	+0.6
182	215	+0.6
183	216	+0.6
184	217	+0.6
185	218	+0.6
186	219	+0.6
187	220	+0.6
188	221	+0.6
189	222	+0.6
190	223	+0.6
191	224	+0.6
192	225	+0.6
193	226	+0.6
194	227	+0.6
195	228	+0.6
196	229	+0.6
197	230	+0.6
198	231	+0.6
199	232	+0.6
200	233	+0.6
201	234	+0.6
202	235	+0.6
203	236	+0.6
204	237	+0.6
205	238	+0.6
206	239	+0.6
207	240	+0.6
208	241	+0.6
209	242	+0.6
210	243	+0.6
211	244	+0.6
212	245	+0.6
213	246	+0.6
214	247	+0.6
215	248	+0.6
216	249	+0.6
217	250	+0.6
218	251	+0.6
219	252	+0.6
220	253	+0.6
221	254	+0.6
222	255	+0.6
223	256	+0.6
224	257	+0.6
225	258	+0.6
226	259	+0.6
227	260	+0.6
228	261	+0.6
229	262	+0.6
230	263	+0.6
231	264	+0.6
232	265	+0.6
233	266	+0.6
234	267	+0.6
235	268	+0.6
236	269	+0.6
237	270	+0.6
238	271	+0.6
239	272	+0.6
240	273	+0.6
241	274	+0.6
242	275	+0.6
243	276	+0.6
244	277	+0.6
245	278	+0.6
246	279	+0.6
247	280	+0.6
248	281	+0.6
249	282	+0.6
250	283	+0.6
251	284	+0.6
252	285	+0.6
253	286	+0.6
254	287	+0.6
255	288	+0.6
256	289	+0.6
257	290	+0.6
258	291	+0.6
259	292	+0.6
260	293	+0.6
261	294	+0.6
262	295	+0.6
263	296	+0.6
264	297	+0.6
265	298	+0.6
266	299	+0.6
267	300	+0.6
268	301	+0.6
269	302	+0.6
270	303	+0.6
271	304	+0.6
272	305	+0.6
273	306	+0

The data in the list above is the raw supply by the fund groups to Standard & Poor's Micoanal SA. It is collated and reformatted into the list before being transmitted to the HT. Standard & Poor's Micoanal and the HT do not warrant the quality or accuracy of the list, the data or the performance of funds of the Fund Groups and will not be liable for the loss of the Fund Group to any extent. The list is not and shall not be deemed to be an offer by the HT or Standard & Poor's Micoanal to sell securities or investments of any kind. Investments can be as well as lose. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent financial adviser before investing in any of the funds listed above.

صلى الله عليه وسلم

ASIA/PACIFIC

LG to Allow Hyundai To Run Merged Unit

Seoul Leans on 2 Giants to Create New Firm

Compiled by Our Staff From Dispatches

SEOUL — LG Group agreed Wednesday to let Hyundai Group run a merged computer-chip business, a capitulation that may end almost six months of wrangling about which side will control one of the world's biggest memory chip makers.

But LG said it would not take any stake in the new company, despite expectations that ownership would be divided between LG and Hyundai.

President Kim Dae Jung, whose government imposed stiff financial sanctions on LG to force an end to the dispute, extracted a pledge Wednesday from the LG chairman, Koo Bon Moo, to give control to Hyundai, the government said.

The government-brokered merger was first unveiled in September, part of a drive to force South Korea's top business groups, or *chaebol* — Hyundai, LG, Samsung Group, Daewoo Group and SK Group — to roll back the effects of years of unbridled expansion. The government is aiming to force the chaebol to refocus on core businesses by merging, swapping or selling peripheral businesses.

But LG balked at completing the deal after a U.S. consulting group said Hyundai should control the merged business.

Relative newcomers to the industry, Hyundai Electronics Industries Co. and LG Semicon Co. ran up big debts trying to catch market leaders such as Samsung Electronics Co., the world's leading memory chip producer, and NEC Corp. of Japan. A merger "is necessary if the companies aspire to first-tier status," said Isuk Han, an analyst at ING Barings.

The merger will create the world's second-largest supplier of dynamic random-access memory chips and bolster South Korea's global market share of almost 40 percent.

"We are pleased it is settled," said Kim Young Huan, president of Hyundai Electronics. "The hard work will now begin."

Mr. Kim said his company had not fixed any purchase price for LG Semicon's shares, but said it would be related to the price of the company's shares in the market.

The Hyundai executive said the first step would be to evaluate LG Semicon, which would be done by an investment bank.

Mr. Kim said his company may ask LG for a debt-to-equity swap but that it was "too early to tell what will happen."

Hyundai Electronics' debt-to-equity ratio stood at 93.5 percent as of the end of June, but the company claimed it had been able to slash it to 38.7 percent by the end of the year through restructuring.

LG Semicon's debt-to-equity ratio stood at 61.7 percent at the end of June.

The full value of the deal would emerge over the next five years as its synergy effect, estimated by LG to be worth about \$6 billion, became felt with the advent of a new generation of chips, Mr. Kim said.

Analysts agreed that the merger would benefit South Korea's overall economy as well as the chip sector.

"LG's decision will clear much of the uncertainty felt by foreign investors surrounding the corporate restructuring in Korea," said an analyst at a British securities company. "I believe the merger will also prove beneficial for the semiconductor sector for the long run, but the results will show two to three years from now."

But the deal could embroil South Korea in major international trade and monopoly disputes, analysts warned.

Hyundai said it would develop the entity as the world's largest microchip producer by seeking as much as \$1.5 billion in foreign funds.

(Bloomberg, Reuters, AFP)



WHEN AND WHERE — This Casio prototype wristwatch uses Global Positioning System satellites to pinpoint the wearer's position. It is to go on sale in June for \$55,000 yen (\$485).

Acer Rethinks a Share Sale

Bloomberg News

TAIPEI — Acer Inc. said Wednesday it may delay a scheduled \$200 million international share sale it began arranging in July, citing Taiwan's recent stock market slump.

Shares of Acer, the world's second-biggest personal computer maker, tumbled 13 percent last month. Taiwan's benchmark index hit a two-and-a-half year low Tuesday before rising somewhat Wednesday amid buying by government-linked funds — a rebound that may not last, traders said.

The Taiwan Weighted Index closed 47.48 points higher at 6,199.91 on Wednesday. Executives at Acer were consid-

ering the fate of the global depositary receipt sale, said Henry Wang, a spokesman. Any decision to cancel would need to be confirmed by the board of directors, which will "probably meet in the middle of January," he said.

Taiwan's Central News Agency reported that executives would recommend scrapping the sale because foreign investors have become more wary of the prospects for Taiwan stocks.

Analysts said a decision by Acer to delay international equity fund-raising suggests other Taiwan companies could face even more hurdles trying to raise cash from foreign investors.

Woosung Tire Says Michelin Is 'Interested'

Bloomberg News

SEOUL — Michelin SCA of France, the world's biggest tire manufacturer, is among several companies interested in buying Woosung Tire Co., the insolvent South Korean tiremaker said Wednesday.

"Foreign and domestic companies have expressed interest and some, including Bridgestone and Michelin, are carrying out due diligence," a financial executive at Woosung said.

Michelin has said it is interested in investing in emerging markets in a bid to cut its dependence on North America and Europe, which account for 85 percent of its revenue.

"We know that consolidation in the car parts market isn't over and that there are opportunities in Southeast Asia," said Etienne Mercier, a Michelin spokesman. "And we're looking for opportunities there."

Mr. Mercier declined to comment on whether Michelin was interested in Woosung. Bridgestone said it was not considering a purchase.

The comment by Woosung Tire, a unit of Woosung Group — which has been insolvent for two years — drove its shares up 14.6 percent to 940 won (81 U.S. cents) Wednesday. Under court receivership, it still holds a 10 percent share of the tire market in South Korea, which is the world's seventh-largest auto producer. It is one of several potential acquisition targets in South Korea.

Woosung Tire's current stock market value is \$3.8 billion won, one fourth what it was two years ago. With an annual production capacity of 7 million tires, the company expects to report an export-driven profit for 1998 after losing \$6.4 billion won in 1997.

The company had 242.8 billion won in assets and 443.2 billion won in debts at the end of 1997. It forecast sales of 210 billion won for 1998, up 44 percent, with exports accounting for 75 percent of the total.

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
11000	1550	17000			
10000	1400	16000			
9000	1250	15000			
8000	1100	14000			
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6000	800	12000			
A S O N D J		A S O N D J		A S O N D J	
1998		1998		1998	
1999		1999		1999	
Exchange	Index	Wednesday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	10,288.80	9,881.05	+3.97	
Singapore	Straits Times	1,484.97	1,388.24	+6.98	
Sydney	All Ordinaries	2,853.40	2,815.80	+1.34	
Tokyo	Nikkei 225	13,468.48	13,282.74	+1.38	
Kuala Lumpur	Composite	586.48	587.59	-0.27	
Bangkok	SET	402.88	378.51	+6.35	
Seoul	Composite Index	612.38	598.55	+2.28	
Taipei	Stock Market Index	6,199.91	6,182.43	+0.27	
Manila	PSE	2,678.75	2,606.85	+2.63	
Jakarta	Composite Index	427.88	406.705	+4.58	
Wellington	NZSE-40	2,131.77	2,115.20	+0.76	
Bombay	Sensitive Index	3,205.68	3,140.00	+1.93	

Source: Telekurs

International Herald Tribune

Very briefly:

• Nissan Motor Co. plans to sell a major portion of its textile machinery subsidiary, Nissan Texts, to Toyota Automatic Loom Works Ltd., the company that gave birth to Nissan's chief rival, Toyota Motor Corp. The sale is part of Nissan's efforts to cut 1 trillion yen (\$8.9 billion) of debt and focus on its core automaking business.

• Nomura Securities Co., Japan's biggest broker, plans to close its commercial bank in Amsterdam as part of a reorganization announced last year. Nomura will dismiss 19 people at Nomura Bank Nederland NV and transfer the unit's operations to its London office.

• Pohang Iron & Steel Co. of South Korea plans to pay its biggest-ever annual dividend to shareholders after it posts a record net profit for 1998. POSCO, as the state-controlled company is known, set aside 100 billion won (\$85.9 million) for dividends, up 8 percent from a year earlier.

• Tesco PLC, Britain's largest food retailer, and an unidentified Japanese trading company are negotiating with Samsung Corp. to buy a stake in the South Korean company's retail business.

• Dai-ichi Kangyo Bank Ltd., Japan's third-largest lender, rejected the rehabilitation plan of debt-strapped Philippine Airlines Inc., joining a growing list of creditors to do so. The bank said the plan submitted by the airline Dec. 7 was unfair to creditors and did not provide enough information to determine repayment risks.

Bloomberg, NYT

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Katy Hour: Fax (33-11 41 43 92 12 or e-mail: kathy@ihf.com)

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January 6, 1999
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WORLD ROUNDUP

Beijing Bids Again

OLYMPICS Chinese sports officials on Wednesday approved a bid by Beijing to host the Olympics, saying that as a rising power China deserved to hold the 2008 games. Beijing lost by two votes in 1993 to Sydney in the vote for the host of the 2000 Olympics. It joins Toronto, as a front-runner in an already crowded race for 2008. (AP)

Reeves Back on Sideline

FOOTBALL Dan Reeves, who had heart bypass surgery Dec. 15, resumed his normal routine with the Atlanta Falcons on Tuesday. He briefed media, coached practice and said he would be on the sidelines for Saturday's divisional playoff game against San Francisco. He missed the team's last two regular-season games. (AP)

South Africa Leads, 4-0

CRICKET South Africa won the fourth test against West Indies by 149 runs on Wednesday in Cape Town, leaving the touring side facing the possibility of its first 5-0 defeat in a test series. The tourists started the day on 93 for six and were bowled out for 271, giving South Africa a 149-run victory. New Zealand won its home series against India, 1-0, after forcing a draw in the third and final test in Hamilton. (AFP, Reuters)

Bonn Signs Cuban Team

SOCCER Bonner SC, a German fourth-division club, has signed the entire Cuban national team. Gerd Demann, the business manager of the Bonn club, said he had received a fax from Cuban officials Wednesday. The Cubans, 15 players, two coaches, an interpreter, a physiotherapist and a cook, are due to arrive Jan. 15. The German club will provide food, lodging in a converted school, medical insurance and "a little bit of pocket money." (AP)



Jelena Dokic, 15, returning to Arantxa Sanchez-Vicario in the Hopman Cup on Wednesday. Dokic won, 6-3, 6-2, as Australia beat Spain, 3-0, in the mixed team competition.

Lockout to Give Short Thrill To European Hoops Fans

By Frank Lawlor
Special to the Herald Tribune

ROTA, Spain—Basketball fans at EuroLeague games in Belgrade and Salonika, Greece, on Thursday might be advised to safeguard their tickets. Those stubs could become collector's items.

Two European stars returning from exile are scheduled to clash in a sold-out game in Belgrade. And Greek fans might witness the first-ever professional debut outside North America of an NBA No. 1 draft choice. It could be European fans' only sight of these players.

Those tickets could become even more valuable mementos if the NBA management and players accept the deal worked out by commissioner David Stern and the union leaders Wednesday and end the lockout. Then, the two stars and the No. 1 pick will fly back across the Atlantic, and European basketball, its historic night turned into a novelty, will be left to wonder what might have been.

Despite the six-month lockout, there was no influx of unemployed NBA stars into Europe. The EuroLeague did not postpone its roster deadline Monday to see what might happen before the NBA's "drop dead" date for saving the season on Thursday. After the European deadline passed, not even Michael Jordan could have got onto a EuroLeague team.

Only three NBA starters, all with non-American passports, beat the contract deadline. All three demanded escape clauses designed to allow them to return to the NBA if the lockout ended.

Arvydas Sabonis, a Lithuanian center who played for the Portland Trail Blazers last season, rejoined his original club, Zalgiris Kaunas. Vlade Divac, a Yugoslav center who played for the Charlotte Hornets last year, signed with Red Star Belgrade. Viny del Negro, who played for the San Antonio Spurs last season and has an Italian passport, signed with Teamsystem Bologna. All three are free agents and will need to find another NBA employer before the season starts.

At the 11th hour on Monday, Europe scored a potential coup, when Kinder Bologna convinced Michael Olowokandi, the NBA's top draft pick, to take a chance on the Italian League.

Olowokandi is hardly a household name. His inexperience meant that he would be unlikely to dominate in Europe. Still, he would give credibility to European basketball, which couldn't even sell out its all-star game in Berlin last week and has not been able to attract widespread live television coverage.

But Olowokandi, too, insisted on an escape clause. "As soon as the lockout is taken care of, I'll be on the next plane back," he said.

Kinder could well end the week losing the non-Italian roster spot it had opened up to sign Olowokandi. Not so Efe Pileta of Anadolu. In late December, Mursad Turkan, the 17th pick by Houston in the NBA draft, rejoined Efes, his former team. His deal does not contain an escape clause, so he will most likely remain in the EuroLeague. He signed against his own agent's advice, after working out for months in Houston, waiting for his NBA chance.

Unlike Kinder Bologna, Europe's other big clubs proved risk-averse. They did not want to fire their existing foreign stars to sign NBA players who might not stay the weekend.

Divac and Sabonis count as national players on clubs in their native countries. Both could claim to have been motivated by patriotism. In the case of Sabonis, his patriotism would have been well rewarded. The Lithuanian government promised to subsidize his contract, reportedly worth more than \$1 million. It helped, perhaps, that Rytas Kartinaitis, a longtime teammate on the national team, is the Lithuanian sports minister.

If he stayed for the rest of the season, Sabonis might shift the balance of power in European club basketball. The best players still come from Lithuania and the Balkans, but most move on to the better-paying teams in Greece, Italy and Spain—the teams that win the continental cups. Zalgiris Kaunas is already playing well in the EuroLeague, finishing third at the half, 8-2, to go with a 17-0 record in the Lithuanian league.

That Sabonis has spent the NBA lockout practicing with the team eliminated any question of his fitting in, and his return made Zalgiris at least the co-favorite, with undefeated Panathinaikos of Greece, to win the championship.

Divac's patriotic mission is distinctly different. Serbia remains the weltspring of European basketball. Yet, Red Star is last in its EuroLeague group. If it stays there, Yugoslavia could lose its spot in next year's EuroLeague. Although he grew up playing for Red Star's bitter rival, Partizan Belgrade, Divac decided to do what he could to save a EuroLeague spot for the nation crowned world champions last summer.

Divac and Sabonis are still the matchup of the night on Thursday in Belgrade. That game, and Olowokandi's debut, could end up being all Europe gets out of the NBA lockout, except some souvenir ticket stubs.

NBA: Partial Season Looks Set to Tip Off in February

Continued from Page 1

with six to nine years' experience can get \$11 million.

The union agreed to a three-year rookie scale with teams holding an option for the fourth year and the right of first refusal in the fifth year. First-round draft picks will be grouped into three categories by where they were selected—1-9, 10-19 and 20-29—with the highest picks eligible for higher percentage increases in their salaries from year to year.

The league agreed to higher minimum salaries than it had been offering, although the exact amounts were not immediately known.

Once the deal is finalized and the lockout is lifted, there will be a three- to four-week frenzy of activity, with teams scrambling to fill rosters, make trades and sign some of the 200 free agents on the market—while also holding training camps.

Among the free agents are Michael Jordan, who may retire, Scottie Pippen, Dennis Rodman, Charles Barkley, Antonio McDyess, Rod Strickland and Damoc Stoudamire.

"Obviously, it will be very busy," said Mark Bartelstein, an agent. "We've got a lot of free agents, so we've got to find them homes and teams."

Get other guys into camps. Get up and rolling. I'm sure I'll probably talk to a lot of teams today."

The league and the union had been fighting over how to divide an estimated \$2 billion in annual revenue.

"I don't think anyone won—both sides lost on it," said Fred Hoiberg, a guard for the Indiana Pacers. "I think it will take some time to get the game back to where it was. Hopefully, we can get back to work soon and put a good product on the court."

NBA players have the highest average salary in professional sports, about \$2.6 million annually. The median salary is about \$1.3 million. National Football League players average about \$900,000, and major league baseball pays an average of \$1.45 million.

The lockout, in effect since July 1, caused the NBA to miss games because of a labor dispute for the first time in its history. The first three months of the season were scrapped and players lost about \$500 million in salaries.

"I wouldn't blame the fans if they didn't come back," said Jeff Hornacek of the Utah Jazz. "Neither side is coming out of this thing looking good."



Youri Djorkaeff, left, of Inter Milan struggling to hold off Parma defender Nestor Sendin.

Baggio Squanders Penalty Kick As Inter Milan Falls at Parma

ROME—Roberto Baggio missed a second-half penalty Wednesday as Inter Milan lost, 1-0, at Parma when Italy's Serie A resumed after its winter break.

Parma stayed in second place, three points behind Fiorentina, which beat Sampdoria, 1-0. Inter slipped to sixth.

Baggio, who scored 11 penalties in 11 attempts in the league last season, took the 72d minute spot kick after Ronaldo was brought down by Fabio Cannavaro, an Italian international defender.

Baggio, who missed a penalty at the end of the 1994 World Cup final against Brazil, hit his shot low and hard to his left but wide of the goal post.

"I did it to please the public," said Baggio. Diego Fuser had given Parma the lead with a sweetly struck freekick that curled just inside the post after 54 minutes.

Both teams wasted chances. Youri Djorkaeff should have put Inter ahead with a close range

effort on 32 minutes and Enrico Chiesa of Parma headed the ball narrowly over the bar just before the interval.

Parma has conceded nine goals in 15 league matches this season. Inter has let in 21. Fiorentina beat struggling Sampdoria, playing its first match under new coach David Platt, with a 27th minute strike by Manuel Rui Costa.

Gabriel Batistuta, the leading scorer in Serie A, set up the goal. His pass unleashed Rui Costa down the left wing. The Portuguese midfielder cut inside and slotted a diagonal shot past Fabrizio Ferraro, the Sampdoria goalkeeper.

Christian Vieri scored his first goal for Lazio in his first Serie A appearance in four months. Vieri had been sidelined since October and had only played two complete league matches since joining Lazio from Atletico Madrid in the summer.

Vieri scored with a header 11 minutes from time to give the Roman team a 1-0 victory at Bologna, which lifted it into third place.

FIFA Says It Will 'Respect' Olympics

The Associated Press

ZURICH—The World Cup will not be held in the same years as the Olympics even if Sepp Blatter, the president of FIFA, the governing body of world soccer, goes through with his plan to stage the competition every two years.

"If we go to two years we will not play the same years as the summer Olympic Games," Blatter said Wednesday after a meeting with Juan Antonio Samaranch, the International Olympic Committee president. "First and foremost, it is a matter of respect."

Blatter said during the weekend that he wanted to hold the World Cup every two years instead of four, a move which, if the World Cup did not shift to odd-numbered years, would put the tournament in direct competition with the Summer Olympics. "I'm not toying around," he said

Wednesday. "This idea's not a toy. One can start changing the calendar from 2005 on."

The next Summer Olympics are in Sydney in 2000, followed by Athens in 2004. The next World Cup is in 2002 in Japan and South Korea. Blatter had said that the new two-year cycle would begin officially in 2008, the same year as the Summer Olympics.

The two men also discussed performance-enhancing drugs and agreed on the need to intensify the fight against doping.

Samaranch said that two guns given to him by officials in Salt Lake City, the Winter Olympic hosts in 2002, had had nothing to do with the IOC inquiry into members accepting gifts and cash for their votes. "I get presents everywhere I go, but I have no vote," he said. "All the presents go to the Olympic museum in Lausanne."

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Maître Brigitte PENET-WEILLER, Legal representative
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Maître Martine CARRASSET-MARILLIER, Legal representative
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SPORTS

Local Skier
In Slovenia
Wins Slalom
On 2d Run

The Associated Press
KRAJNSKA GORA, Slovenia — Jure Kosir put in a blazing second run in front of his home fans Wednesday to win a World Cup slalom. It was his first victory in six years.

He completed the two-run slalom in one minute 37.22 seconds.

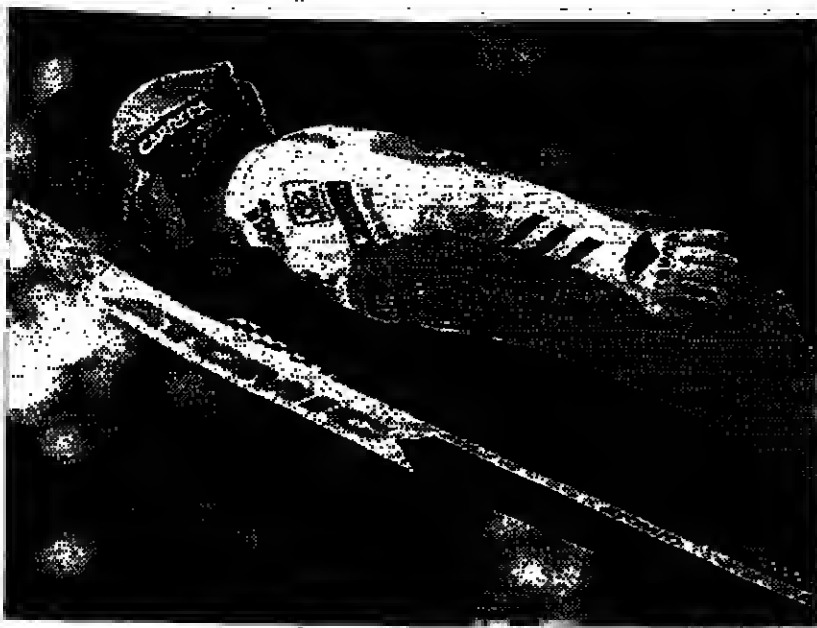
Thomas Stangassinger, an Austrian who leads the World Cup slalom standings, finished second in 1:37.48.

Two Austrians in their first season on the World Cup tour, Benjamin Raich and Rainer Schoenfelder, finished third and fourth.

Kosir's only previous victory was recorded in December 1993 in Madonna di Campiglio, Italy. But the 26-year-old Slovene has been consistently among the top racers this season.

Fun First in Jumping

Janne Ahonen of Finland captured the prestigious ski-jumping Four Hill competition Wednesday with a second-



Janne Ahonen flying to victory in Austria in the Four Hill tournament.

place finish in the last stop of the series. The Associated Press reported from Bischofshofen, Austria.

Ahonen edged two Japanese jumpers, Noriaki Kasai and Hidehiko Miyahira. Although he did not win on any of the four hills, Ahonen collected enough points with his steady performances to edge Kasai by 7.6 points and extend his overall World Cup lead.

The winner of the day on the big K120 hill was Andreas Widhoelz of Austria, who scored 127.5 meters (418 feet) and 128.5 meters.

Ahonen, the world champion, leaped 124.5 and 126 meters to earn 255.9 points. That gave him an aggregate of 960.6 for the four-hill series.

Kasai, who won Sunday's competition in Innsbruck, had a total of 953 points.

He had jumps of 125 and 123 meters for 247.9 points and fourth place for the day, behind Miyahira.

Barrasso Leads Penguins Past Flames

The Associated Press
After taking over 10th place in victories among goalies in National Hockey League history, Tom Barrasso wanted to talk about his offense.

"I'm almost as proud of that, quite frankly," Barrasso said after getting two assists in Pittsburgh's 5-1 victory

over the visiting Calgary Flames on Tuesday night. "I pride myself on being able to handle the puck well, and I think I'm one of the best at it."

Barrasso's two assists gave him the career lead in points by a goalie with 48, two more than Grant Fuhr of the St. Louis Blues. The victory — the Penguins' fourth straight — also moved Barrasso ahead of Gump Worsley with 336 triumphs in 685 games since reaching the NHL in 1983.

Kevin Hatcher's shorthanded goal started a four-goal spurt in the third period that extended the Flames' losing streak to eight games. The goal was the 214th of Hatcher's career, putting him in 10th place on the career goal-scoring list for defensemen, one ahead of Brad Park.

Kings 4, Oilers 3 Craig Johnson's goal at 1:07 of overtime gave visiting Los Angeles its fourth straight victory.

Kelly Buchberger, the Oilers' captain, broke his right forearm in a first-period collision along the boards. The Oilers also lost the defenseman Roman Hamrlik in the second period with a head injury.

Devils 3, Sharks 3 Jeff Friesen became the first San Jose player to score 100 career goals when his power-play tally in the third period pulled the Sharks into a tie at New Jersey.

Panthers 2, Coyotes 2 In Phoenix, Oleg Kvasha scored on Florida's first shot of the game and Johan Garpenlov scored on the Panthers' first shot of the third period.

Islanders 1, Blackhawks 1 Jocelyn Thibault missed 40 shots as visiting Chicago gained a tie. Thibault only allowed an early goal by Robert Reichel, while Chad Kilger scored Chicago's lone goal against Tommy Salo.

Russia Wins Junior's Title

Artem Tschibaryov's second goal of the game at 5:13 of overtime gave Russia a 3-2 victory over Canada on Tuesday night in the gold-medal game at the world junior hockey championship. The Associated Press reported from Winnipeg, Canada.

Russia carried the play for most of the game, outshooting Canada, 40-18.

Going, Going, Gone: Ball No. 73

Auction of McGwire's Record Homer May Bring \$1 Million

By Douglas Martin
New York Times Service

NEW YORK — On Tuesday, a baseball that was made in Costa Rica for considerably less than \$5 will be auctioned at a price some think will exceed \$1 million.

The ball is identical to all others among the 70,000 dozen supplied by Rawlings Sporting Goods to major-league teams last season, with one distinction. It is the ball Mark McGwire of the St. Louis Cardinals whacked over the fence on Sept. 27. The homer was his 70th — and last — of a record-smashing season.

That blow turned the ball into something between a sacred relic and an alarming emblem of a society veering toward absurdity. Even if the preauction hoopla is exaggerated, the ball figures to dwarf the record \$126,500 paid last month for the ball that Babe Ruth hit for the first home run in Yankee Stadium.

Since the man who snagged No. 70, Philip Ozerky, is a soft-spoken research scientist in St. Louis who makes \$30,000 a year, the ball represents a windfall. Ozerky, whose first thought had been to give the ball to McGwire, finally and fruitfully decided to put it up for auction. "It might as well find out what's out there," he said.

Gurnsey's, a Manhattan auction house, wants to upstage last year's spectacle when it captured front pages by selling items from the Kennedy White House, including Jacqueline Kennedy's pillow hat and John Kennedy's long johns. The sale has actually begun in a weeklong Internet auction. These bids will then be included in the live auction to be held at Madison Square Garden on Tuesday evening. ESPN, the U.S. cable sports network, will broadcast the event.

"This is the Hope Diamond of sports collectibles," said Arlan Eminger, Gurnsey's owner.

The McGwire ball has a strong supporting cast. Gurnsey's is also auctioning three other McGwire home run balls — Nos. 67, 68 and 69 — as well as three hit by Sanny Sosa, his 61st, 64th and 66th, his last.

Other memorable memorabilia have been tossed in. There is the ball Hank Aaron hit for his 755th homer, the career record. There is a baseball signed by Babe Ruth and Roger Maris (the two previous record-holders for most home runs in a season before McGwire and Sosa), and another signed by Ruth and Lou Gehrig. There is a single lot con-

sisting of 50 souvenirs from last year's world champion New York Yankees.

For Ozerky, value arrived magically. He was sitting in a party box with about 100 colleagues from work in seats that were reserved months earlier. A baseball fan, he has attended more than 200 ball games.

He sipped a beer as McGwire swung at the first pitch in his final at-bat of the season. Pow! The line drive crashed into the box, ricocheting off a wall. Ozerky dove under temporary bleachers to retrieve it.

Security workers for the St. Louis Cardinals hustled him to a room under the seats. They authenticated the ball by checking its number (73 because it was the 73d ball used in the game), and by verifying a mark under ultraviolet light, two procedures devised for last season's home run chase. He was offered the usual deal, one that ball catchers had routinely kept at: He could give the ball to McGwire personally in return for autographed paraphernalia.

Ozerky hesitated. McGwire left for the off-season. The fan said he would have had a hard time not returning the ball in a personal meeting, though the slugger has made it clear the baseballs are not one of his big priorities anyway. Ozerky put the ball in his pocket and went home. He slept beside the ball. Then he took it to work to show his friends.

Then things got serious. The ball went into a safety deposit box. Ozerky thought he might face an enormous tax bill if he gave the ball away. He scrambled to find insurance. His phone rang off the hook, even though he had just moved and changed

his number. Some callers offered money — \$1 million from three partners in one case.

He turned to his cousin David Krathen, a malpractice lawyer in Fort Lauderdale, Florida. Krathen assigned the case to another cousin, Michael Freedland, who, like Ozerky, is 26.

Gift taxes seemed to dictate that the ball must be sold. But how and where? He hoped it could be displayed at the Baseball Hall of Fame or somewhere comparable and that at least some of the proceeds could go to charity. Offbeat schemes were pouring in, like one to sell the ball's threads separately for big bucks. Then the leather could be restuffed and sold. His lawyers scoffed.

But to auction or not to auction? "If you take a private offer, you know what you're getting and walk away," Freedland said.

Enter Michael Barnes, a St. Louis agent who represents artists and athletes. He had put together the other baseballs that will be sold at the Madison Square Garden auction and was eager to add the big one to his stable. Ozerky allowed him merchandising rights. He's selling 70 prints of the ball for \$2,500 each and 7,000 posters for \$70 each.

Barnes helped Ozerky contact Professional Sports Authenticators, a California firm, which marked the ball with a DNA smear. Then it destroyed that batch of DNA, so all that remains is the imprint on the safety and the written formula. This, more than the ball's other markings, guarantees its authenticity.

Barnes emphasized the captive — price-driving — energy that an auction can release. "If they don't leave that night with a ball, they'll never have a chance again — unless it hits the resale market," Barnes said.

Ozerky went back and forth. His representative haggled with Eminger in a manner that the tough-minded auctioneer called "brutal."

The seller is aware that an auction is precarious. He could end up receiving less, considerably less, than the \$1 million he has already been offered. There is no minimum price, or at least not one the auction house is willing to reveal. "I didn't go to the game to make any money," Ozerky said. "Whatever it brings, it brings."

Ultimately, he came to think of the auction as a once-in-a-lifetime experience. "One of my goals is to have fun," he said. "This is a chance to share the fun with my family."



The ball that Mark McGwire hit for his 70th home run of the season.

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SECOND ROUND

THIRD ROUND

FOURTH ROUND

FIFTH ROUND

SIXTH ROUND

SEVENTH ROUND

EIGHTH ROUND

NINTH ROUND

TENTH ROUND

ELEVENTH ROUND

TWELFTH ROUND

THIRTEENTH ROUND

FOURTEENTH ROUND

FIFTEENTH ROUND

SIXTEENTH ROUND

SEVENTEENTH ROUND

EIGHTEENTH ROUND

NINETEENTH ROUND

TWENTIETH ROUND

TWENTY-FIRST ROUND

TWENTY-SECOND ROUND

TWENTY-THIRD ROUND

TWENTY-FOURTH ROUND

TWENTY-FIFTH ROUND

TWENTY-SIXTH ROUND

TWENTY-SEVENTH ROUND

TWENTY-EIGHTH ROUND

TWENTY-NINTH ROUND

THIRTIETH ROUND

THIRTY-FIRST ROUND

THIRTY-SECOND ROUND

THIRTY-THIRD ROUND

THIRTY-FOURTH ROUND

THIRTY-FIFTH ROUND

BASKETBALL

U.S. COLLEGE SCORES

MEN

TUESDAY RESULTS

TOP 25

SOUTH AFRICA VS. WHITE RODEOS

FOURTH FLOOR, WELLS RAY

WEDNESDAY IN CAPE TOWN

SOUTH AFRICA 406-4 dec. and 226-7 dec.

CRICKET

WOMEN

TOP 25

SOUTH AFRICA VS. WHITE RODEOS

FOURTH FLOOR, WELLS RAY

WEDNESDAY IN CAPE TOWN

SOUTH AFRICA 406-4 dec. and 226-7 dec.

CRICKET

WOMEN

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CRICKET

WOMEN

TOP 25

SOUTH AFRICA VS. WHITE RODEOS

FOURTH FLOOR, WELLS RAY

WEDNESDAY IN CAPE TOWN

SOUTH AFRICA 406-4 dec. and 226-7 dec.

CRICKET

WOMEN

TOP 25

SOUTH AFRICA VS. WHITE RODEOS

FOURTH FLOOR, WELLS RAY

SKIING

WORLD CUP

MEN'S RACER

TOP 10

WOMEN'S RACER

TOP 10

SOCCER

ITALIAN FIRST DIVISION

TOP 10

TRANSITIONS

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MAJOR LEAGUE BASEBALL

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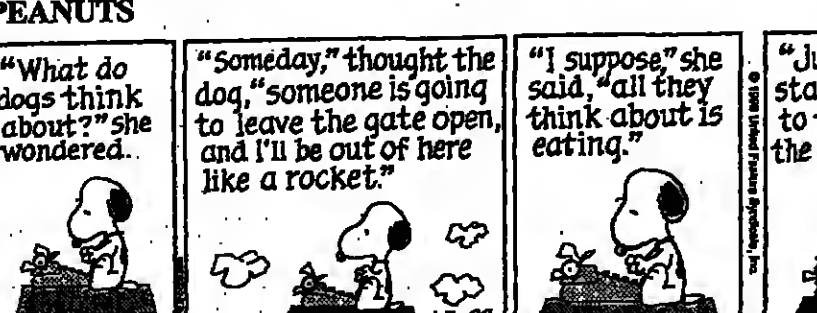
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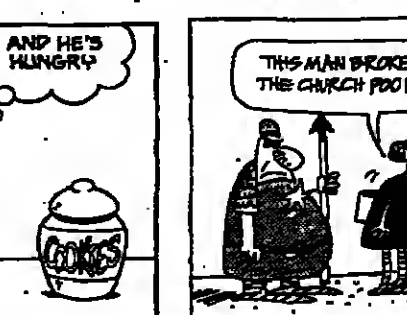
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ART BUCHWALD

Ode to an Old Pal

NEW YORK — I will not let any more time go by without making a few remarks about Russell Baker, who just wrote his last column for The New York Times. Russell and I have been good friends and rivals for years.

He is a Pulitzer Prize winner, a member of the American Academy of Arts and Letters, a best-selling author and a man for all seasons.

Years ago Russell and I formed a distinguished organization called the Academy of Humor Columnists. We came up with the idea because we were having lunch together every week without a reason, so we started the academy. We offered Erma Bombeck a membership, provided she would make coffee and clean up, pointing out that she would be our token woman. Art Hoppe was our West Coast member, and we put up Andy Rooney for membership but immediately made him resign because he had reached the age

of 65. Although we ever held a meeting in 20 years, the correspondence was hot and heavy.

One letter I wrote to Erma said: "I have good news and bad news. The good news is that the musical show Baker was working on folded in Toronto. The bad news is that he won the Pulitzer Prize."

Erma wrote back: "When I read about Baker's Pulitzer I was flying and I got so upset I ate the airline food."

Baker enjoyed playing tricks on me. Once he sent me the galleys of his book, a collection of columns. I wrote back that I never do blurbs on books because 80 percent of them are incestuous.

He said he understood. Six months later I picked up the book in a store and on the back cover it said: "This is the best book I ever read." — Art Buchwald.

It goes without saying that writers can accidentally copy each other's ideas, particularly ones that are noteworthy. Baker and I constantly argued as to who stole whose idea for a column.

We finally took the case to the Humor Columnists' Court of Appeals. She ruled that it wasn't when the idea appeared in print that counted, but when the writer thought of it.

I was able to prove to Baker I had thought of his ideas before he did.

Just because he no longer writes for The New York Times on a regular basis does not mean that Baker isn't hard at work in the vineyards. He does "Masterpiece Theatre" intros and is writing books. As soon as he finishes his next one I intend to give him a blurb: "Russell Baker is the second best writer I have ever known."

Don't Hold Out For 'Star Wars'

The Associated Press

NEW YORK — George Lucas says six "Star Wars" movies are enough. The 55-year-old creator of the series says that after the three-part "prequel" is released, he does not plan on making any more films based on the original. There had been some talk of nine parts.

"I never had a story for the sequels, for the later ones," Lucas says in the Jan. 4 edition of Vanity Fair.

A New Film, a New Chapter in a Storied Union

By Karen Durbin
New York Times Service

"Console me! I am inconsolable!" — Anna, in "Private Confessions"

NEW YORK — This bit of dialogue is Ingmar Bergman at his most resonant, a slightly ridiculous cry of pain, the ridicule softened by an implicit sympathy. How can you not sympathize with someone so pitifully exposed in the contradictions of being human?

The story of "Private Confessions" is classic Bergman territory as well. An unhappily married minister's wife has embarked on an affair with a young seminarian; torn between guilt at lying and a belief in the essential truth of her love, she turns to an old friend, her confirmation priest, whose counsel will alter her life in unintended ways.

"Private Confessions" is enormously moving, with a moral and emotional gravity that has become increasingly rare in movies. Watching it, I felt the relief I always used to feel settling into a Bergman film — that here at last was a filmmaker willing to admit how hard the most ordinary life can be, and how alarmingly drastic.

But this film has two makers. Written by Bergman and directed by Liv Ullmann, "Private Confessions" opens a new chapter in a relationship that began more than three decades ago, when Ullmann played opposite Bibi Andersson in what is probably Bergman's most famous movie, "Persona."

Bergman, who is 80, turned to directing theater full time 15 years ago, but he continues to write films. Ullmann will direct a second Bergman screenplay — the Swedish title means "Faithless" — later this year.

She says she was so delighted when Bergman asked her to make "Private Confessions" that she accepted without even reading it. "This is a circle that has closed, because I missed working with Ingmar, and this meant working with him in a different way," she said on a visit to New York, where she keeps an apartment. Once Bergman directed Ullmann, now she directs him. Given her central place in his films and his life, it seems fitting that she should.

The unhappily married couple in "Private Confessions" are named Bergman, and they first appeared in "Best Intentions," which Bergman wrote and Bille August directed in 1992. With both scripts, Bergman co-wrote the task he began in 1984 with "Fanny and



Max von Sydow plays a priest in Liv Ullmann's "Private Confessions."

Alexander": to come to terms with his troubled childhood as the son of a harshly punitive Lutheran minister and a mother who kept him at arm's length.

Although Bergman is considered an autobiographical filmmaker, it was only when he became involved with Ullmann that his work made a decisive shift in that direction.

Beginning with "Persona" (1966), he turned deeply inward, and the nine films they made together over the next 12 years, when Bergman's film career was at its peak, reflect his most private concerns. More than any other Bergman actress, Ullmann embodies his core themes of anguish, loss and failure — the anguish of everyday life, the radical loss of faith, and the failure of love to console.

Ullmann and Bergman fell in love while making "Persona." Both were married but left their mates and had a daughter, Linn. In his 1987 autobiography, "The Magic Lantern," Bergman says simply, "Liv and I were overwhelmed by passion," and describes building a house for them on Faro, his beloved island retreat off Sweden's Baltic coast.

Ullmann's recollection is more complicated. "We were walking on this stony beach and he said, 'I have to tell you, this night I had a dream that we were painfully connected.' You know, I more or less fell in

love with that. I mean, Ingmar Bergman is painfully connected to me."

She laughs at the memory of a young actress's susceptibility to the tortured blandishments of a great artist. "Well, I regretted it and went back to Norway, and he came to Norway and got me back to Sweden. And then I became pregnant, and I left him again. Then he asked me to come back; he had written a film for a pregnant woman. So I went back, and that was 'Hour of the Wolf.' We over married. I moved to Faro, where I lived for five years. It was there we did 'Shame,' and then 'The Passion of Anna,' but that was toward the end. And then it was over, that part, and I took my child and went back to Norway."

Bergman's description of their end has the terse poetry of an epitaph: "She stayed a few years. We fought our demons as best we could. When she left, we knew." Ullmann's description of their serial parting in "Changing," her best-selling 1976 memoir, has the humor, passion, sadness and desperation of a Bergman movie.

Ullmann enabled Bergman to express his deepest anxieties in many films, but she held out another possibility. She often signifies a kind of wholeness for Bergman — something that seems undamaged and therefore

implies hope. The 1973 film "Scenes from a Marriage" reconciles, however tentatively, his conflicted perceptions about men and women: For the first time, consolation is possible. Although he and Ullmann made three more films together, this was their last truly successful collaboration. In its emotional maturity, "Scenes from a Marriage" anticipated the work that they are doing now.

Even people who should know better have a tendency to call Ullmann's "Private Confessions" a Bergman movie, as if she had dutifully executed his detailed wishes. In other words, as if she were his creature. But as their professional and personal history makes clear, she has not been that in years, if indeed she ever was.

When Bergman offered her "Private Confessions," she wondered if he would try to look over her shoulder. They argued over a few things in the rough cut, but in the end, he not only respected her choices but embraced them. Although "Private Confessions" was shot by Sven Nykvist, it doesn't especially look like a Bergman film. It has its own look, plain yet suggestive and charismatic, like a Hopper painting — or like the remarkable face of its star, Pernilla August.

The film has a kind of intimate intensity that seems to radiate from her. As the beautifully shaded performances in both "Sophie" and this film make clear, Ullmann, like Bergman, is above all a director of actors. "When I started directing," she says, "I thought: This is it. The whole 40 years of being an actress have just been a school for this. I got a new respect for actors and how creative they are, and they know that I think that I don't think I was always a good mother, but I know I'm a good mother for actors because I allow them to grow themselves and I don't try to make a blueprint of myself."

One of the most memorable scenes in "Private Confessions" is that of the last visit between Anna Bergman and Jacob, the dying confirmation priest, played by Max von Sydow. At one point, von Sydow says, "All these years I've been thinking about you," and stops, apparently unable to go on.

"I don't know what was in Max's mind," Ullmann says, "but suddenly he's starting to cry and he can't get the words. It's almost a minute before the next word comes. And we are so close, he knew that I wouldn't stop him, and I knew that he would continue, and allow Jacob and Max to come together. Because he knew that this was so right for the scene."



MERRY CHRISTMAS — A father helps his son light a candle in a Kiev cathedral on Wednesday, Christmas Eve in the Eastern Orthodox calendar.

A LEGAL battle has erupted over the rights to the missing final bars of Jacques Offenbach's opera "The Tales of Hoffmann." The French musicologist Jean-Christophe Keck is planning to take legal action against the music publisher Schott International, based in Mainz, Germany, which published the missing 144 bars in November. The bars, which had been missing until 1993, are scheduled to be heard for the first time at the Hamburg State Opera on Jan. 24. Offenbach composed "Tales of Hoffmann" in 1880, but made extensive cuts for the first performance the next year in Paris. When the missing bars were found in 1993, Schott had wanted to buy them, but they were bought by the French theater director Yves Josse, who gave them to Keck to edit. Keck now sees himself as the legal owner of the rights to the music. Keck contends that Schott published stolen photocopies and that he had copyrighted the finale in 1995 in all countries.

Marilyn Manson has been sued by a

magazine editor who claims two bodyguards for the shock rocker assaulted him last November. Craig Marks, the executive editor of Spin, filed a lawsuit in New York against Manson, his record companies and the firm that hired the bodyguards. The suit claims the bodyguards slammed Marks against a wall and choked him in a dressing room following a Nov. 23 concert in New York. Manson's lawyer denied the attack happened. Police are investigating the incident.

The actor John Travolta is to be the first recipient of the Alan J. Pakula special prize at the fourth annual Television, Radio and Internet Film Critics Association award ceremony next month. The prize, named after the late director and producer, is to recognize a film professional for "artistic excellence when illustrating a subject of great political and social importance." Jack Nicholson, who in 1998 won his fifth Golden Globe for his role in "As Good As It Gets," is to receive the honorary Cecil B. DeMille award for his "out-

standing contribution to the entertainment world" at the Golden Globe ceremonies next month. The Golden Globes are presented annually by the Foreign Press Association of Hollywood.

Hailing the Northern Ireland leader John Hume as "one of the great peacemakers of our times," Coretta Scott King has announced that he will receive the annual Martin Luther King Jr. Nobel Peace Prize. Hume, leader of the Social Democratic and Labour Party, and the Ulster Unionist leader David Trimble, were joint winners of the 1998 Nobel Peace Prize for their efforts to achieve peace in Northern Ireland. Hume will receive the King peace prize on Jan. 18 at a service at Ebenezer Baptist Church in Atlanta. The French government will honor the novelist Salman Rushdie, the Indian-born British writer, who was under a death sentence by Iran for 10 years for his novel "The Satanic Verses." He will become a Commander of the Order of Arts and Letters at a presentation in London this month.

Ladies' Day at the Grammys

New York Times Service

LOS ANGELES — It will be a battle of the divas young and old at the 41st annual Grammy Awards, judging from the contenders announced Tuesday by the National Academy of Recording Arts and Sciences. Lauryn Hill received the most nominations: 10, followed by Celine Dion, Madonna, Sheryl Crow, Brandy and Shania Twain.

Every singer competing in the "album of the year" category (an award given to a single) every nomination but one ("Iris" by the Goo Goo Dolls) went to a woman.

Hill, a member of the rap trio the Fugees who released her first solo record last year, led the way. Her "Misadventure of Lauryn Hill" will be competing for album of the year with "Ray of Light" by Madonna, "Come On Over" by Shania Twain, "The Globe Sessions" by Sheryl Crow and "Version 2.0" by Garbage.

The other contenders for record of the year are "You're Still the One" by Twain, "Ray of Light" by Madonna, "My Heart Will Go On" by Dion and "The Boy Is Mine" by Brandy and Monica. The award ceremony is to be held on Feb. 24.

The dominance of women in the nominations is a far cry from 1994, when the academy said that no suitable female entries could be found in the rock vocal performance category. Overall, Twain and Crow each earned six nominations, Madonna got five, and Brandy and Dion four.



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